

**The FORTNIGHTLY**

A Review of Middle East Regional Economic & Cultural News & Developments

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ISRAEL GOVERNMENT ACTIONS & STATEMENTS

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* 1. Israel & US to Launch Dialogue on Technological Cooperation

An Israeli delegation led by Israel's Minister of Innovation, Science and Technology Farkash-Hacohen was in Washington for the launch of the high-level strategic dialogue on technological cooperation. The event, which will be held on 28 September, put Israel on a prestigious list of countries that the US considers strategic partners in the field.

As part of the "Jerusalem Declaration" signed between Israeli Prime Minister Lapid and US President Biden, it was agreed to promote a dialogue on strategic technologies in order to bring relations between Israel and the US to a new peak and create a partnership in critical and damaging technologies (such as AI and quantum computing) as well as, in areas that are a source of global concern: preparedness for epidemics, climate change, food security, etc..

During Biden's trip to Israel in July, a joint statement by the US leader and Lapid dubbed the "Jerusalem Declaration" affirmed Washington's support in extending its defense package to Jerusalem as well as strengthening technological cooperation. The goal of this was to reach agreements and develop mechanisms that will upgrade technological cooperation between the countries in the near term. (i24NEWS 27.09)

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* 1. Israel & Lebanon Poised to End Maritime Dispute as Sides Announce Breakthrough

At press time, it was reported that Lebanon and Israel have reached a historic agreement demarcating a disputed maritime border between the two countries, Prime Minister Yair Lapid announced on 11 October. While limited in scope, a deal would mark a significant compromise between states with a history of war, paving the way for offshore energy exploration and easing a source of recent tensions.

Lebanese President Michel said earlier that the terms of the final draft received from US envoy Amos Hochstein satisfied Beirut and he hoped the deal would be announced as soon as possible. Israeli National Security Advisor Eyal Hulata earlier also gave a positive assessment:

Hezbollah is yet to comment on the details of the proposal but has said that it would agree to the Lebanese government's position.

Earlier, Lebanese negotiator Elias Bou Saab told Reuters that if everything went well, Hochstein's "efforts could imminently lead to a historic deal". He said the latest draft "took into consideration" all of Beirut's requirements "and we believe the other side should feel the same." While Israel has moved ahead with production and export, Lebanon's efforts have been hamstrung by political dysfunction.

A gas find would be a major boon for Lebanon, which has been mired in a financial crisis since 2019. Eventually, such a discovery could fix Lebanon's long-standing failure to produce adequate electricity for its population. (Various 11.10)

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* 1. Israel-South Korea Free Trade Pact Comes Into Effect on 1 December

Almost eighteen months after the official signing of the free trade agreement between Israel and South Korea, the National Assembly of South Korea ratified the agreement yesterday, and it will come into force on 1 December. When the agreement comes into force, there will be mutual cuts in customs duties on goods, alongside measures to make trade easier in other areas, such as services, investment, and standards. Among other things, the 7% duty on the import of vehicles from South Korea will be scrapped.

Vehicles produced by South Korea’s Hyundai Group, under the Hyundai and Kia brands, currently account for about a third of new vehicle sales in Israel, and represent a substantial component of the balance of trade between Israel and South Korea. In practice, however, a considerable proportion of these vehicles comes to Israel from the group’s factories in EU countries to which the duty does not apply, and so the agreement will not affect prices, at least of the models imported from those countries.

Nevertheless, the free trade agreement will affect electric vehicles manufactured in South Korea, such as the Hyundai Ioniq 5 and the Kia EV6. These vehicles are subject to a low rate of purchase tax, so that the customs duty represents a material proportion of their prices. Other models that could benefit from the customs duty cut are the Hyundai Elantra, Kia Picanto, Hyundai Sonata and Santa Fe, and Kia Niro. Industry sources say that the positive effect on the prices and competitiveness of the South Korean models exempt from customs duty will be felt from January onwards, but it could be offset by other variables, such as exchange rates and the manufacturer’s prices.

When the agreement comes into force, over 95% of Israel exports to South Korea will be exempt from customs duties. The benefit to exporters and the saving for importers and consumers are estimated at NIS 500 million annually. In 2021, the value of trade in goods and services between the two countries was $3.5 billion, 35% more than in 2020. Of this, exports of goods and services from Israel to Korea amounted to $1.5 billion in 2021, 42% more than in 2020. (Globes 28.09)

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* 1. Bank of Israel Teams With Norway & Sweden on Digital Currency Trials

The Bank for International Settlements (BIS) and the central banks of Israel, Norway and Sweden are launching Project Icebreaker, a joint exploration of how central bank digital currencies (CBDCs) can be used for international retail and remittance payments. Cross-border payments are an Achilles heel of the international banking system, which are plagued by high costs, low speed, limited access and insufficient transparency.

The Bank of Israel observes that the G20 has launched an ambitious program to improve cross-border payments, aiming to achieve faster and cheaper, as well as more transparent and inclusive cross-border payments. One of the work-streams explores how CBDCs could play a role in enhancing cross-border payments.

Project Icebreaker is a collaboration between the Bank of Israel, Central Bank of Norway, Sveriges Riksbank and BIS Innovation Hub Nordic Centre to develop a "hub" to which participating central banks will connect their domestic proof-of-concept CBDC systems. The objective is to test some specific key functions and the technological feasibility of interlinking different domestic CBDC systems.

The project will run through the end of the year, with a final report expected in the first quarter of 2023. This project joins a trial that the Bank of Israel is conducting with the BIS and the Hong Kong Monetary Authority to test the cybersecurity of two-tier retail CBDC. (Globes 28.09)

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* 1. Government Adopts European Food Standards in Bid to Tackle Increase in Cost of Living

The government approved a plan to adopt European food safety standards, removing the vast majority of Israeli guidelines, in an effort to address the country’s high cost of living. The changes will affect the production and import of items such as canned vegetables, pasta, rice, candies, spices, soup powder, condiments and milk products, among others.

The decision to adopt the European standards was made by an inter-ministerial committee, including representatives from the Health Ministry, Economy Ministry, Finance Ministry, Justice Ministry, Consumer Protection Authority and Competition Authority. The adoption of European food standards in place of Israeli ones will go into effect on 1 January. Of the 127 food standards currently in effect, 97 will be eliminated immediately for Israeli importers on that date.

For domestic manufacturers, however, those 97 safety standards will gradually be phased out over the course of four years, with 60 being eliminated on 1 January, 21 being eliminated a year later, one the year after that and finally 15 being eliminated on 1 August 2026. Another 19 quality standards will be scaled back on January 1. In addition, the inter-ministerial committee recommended that Israel adopt the American and European quality control standards for honey, olive oil, instant coffee and roasted coffee, and allow importers and manufacturers to decide which of the three standards to follow. Before this can go into effect, the current law governing those products must be updated, however. (TOI 28.09)

ISRAEL MARKET & BUSINESS NEWS

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* 1. Geely Holding Group Expands Mobileye Collaboration

Mobileye and China's Geely Holding Group announced the expansion of their ongoing collaboration for advanced driver-assistance systems (ADAS) and autonomous vehicle technology. The announcement follows the successful launch of the ZEEKR 001 premium electric vehicle (EV) with Mobileye SuperVision technology, with more than 40,000 vehicles already on the road and ahead of an over-the-air (OTA) update that will unlock SuperVision’s full capabilities.

Building on the success with the premium electric mobility technology brand ZEEKR, three additional brands under the Geely Holding Group umbrella are set to globally launch electric vehicle models with Mobileye SuperVision technology beginning next year. ZEEKR will also introduce Mobileye SuperVision on two new EV models, as well as developing new lidar-based features with Mobileye. ZEEKR 001 customers already benefit from constantly upgrading surround vision-based, highway-assist capabilities with special safety features. The system is expected to receive full SuperVision capabilities through over-the-air updates by the end of this year that will bring ZEEKR customers’ driving experience to the next level.

Jerusalem's [Mobileye](http://www.mobileye.com) is a global leader in the development of computer vision and machine learning, data analysis, localization and mapping for advanced driver-assistance systems and autonomous driving. Mobileye’s technology helps keep passengers safer on the roads, reduces the risks of traffic accidents, saves lives and has the potential to revolutionize the driving experience by enabling autonomous driving. Mobileye’s proprietary software algorithms and EyeQ® chips perform detailed interpretations of the visual field to anticipate possible collisions with other vehicles, pedestrians, cyclists, animals, debris and other obstacles. (Mobileye 26.09)

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* 1. Ox Security Emerges from Stealth with $34 Million to Provide Supply Chain Security

Ox Security exited stealth with $34 million in funding led by Evolution Equity Partners, Team8 and M12, Microsoft's venture fund, with participation from Rain Capital. OX is developing a new open standard, PBOM, in collaboration with leading cybersecurity-conscious companies. The Pipeline Bill of Materials (PBOM) includes within it the SBOM but goes further, covering not only the code in the final product but also the procedures and processes that impacted the software throughout its development. OX and its partners undertook extensive research on the root causes of more than 70 attacks from the past year. They specifically designed the PBOM to contain the information that would have been needed to prevent each of the recent attacks.

OX's platform is the first product using the PBOM standard to provide end-to-end software supply chain security, allowing it to cover every step of the development pipeline, from the earliest planning stages until deployment to production. OX seamlessly integrates with existing tools and infrastructure to monitor and record every action affecting software throughout the entire development life-cycle. It gives security and DevOps teams complete visibility and control over the attack surface, including source code, pipeline, artifacts, container images, runtime assets, and applications.

Tel Aviv's [OX](https://www.ox.security/) connects to an organization's code repository and performs a scan of the environment from code to cloud, to automatically produce a full mapping of assets, apps and pipelines. OX identifies which security tools are in use, verifies they're all connected and operational, and determines if additional tools are necessary. Following the scan, OX presents any security issues that were found, prioritized by their business impact, alongside context, automated fixes and recommendations, empowering DevSecOps teams to tackle their cybersecurity backlog. (Ox Security 29.09)

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* 1. Cipia Announces Over $9 Million in Funding

Cipia has secured over $9 million of funding via Private Investment in Public Equity (PIPE). The funding was led by Alexandre Weinstein (member of the Board, stakeholder in Cipia and founder of Olive Tree Ventures) via a private company in his ownership, alongside Cartridge Holdings and Professor Eli Talmor, Executive Chairman of Cipia's Board.

The newly raised funds will be used to continue investment in research and development of Cipia's vehicle in-cabin sensing solutions, and to strengthen its marketing and sales activities with emphasis on the US, European and Chinese markets.

Herzliya Pituah's [Cipia](https://cipia.com/) is a leading provider of intelligent sensing solutions that use edge-based computer vision and AI for safer and better mobility experiences. The company's product lineup includes: Driver Sense – driver monitoring system, Cabin Sense - occupancy monitoring systems and Cipia-FS10, a video telematics and a driver monitoring solutions for telematics service providers and fleets. Over a decade of research and development stand behind the company's proprietary market-leading computer vision technology, which has been selected by OEMs globally and serves vehicles on the roads today. (Cipia 29.09)

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* 1. Israel & Morocco Sign Bilateral Energy Cooperation Agreement at Bar-Ilan University

Israel and Morocco signed a bilateral agreement for energy cooperation on 29 September at Bar-Ilan University (BIU) in Ramat Gan. The Israel-Morocco agreement for energy cooperation was signed between Mohammad VI Polytechnic University in the name of the Moroccan National Energy Transition Consortium (MNETC), which includes 20 research groups from various Moroccan universities, and the Israel National Energy Research Consortium (INERC), which includes 33 research groups from seven leading Israeli academic institutions. Bilateral joint research will be conducted on rechargeable batteries, recycling, solar energy and the hydrogen economy, as well as solving Morocco’s major challenge of storing and transporting its energy to neighboring countries, including Spain. Morocco has set a goal of producing 52% of its electricity through renewable energy by 2030. (JP 01.10)

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* 1. UK's Capricorn Energy to Merge with NewMed in Israel-Egypt Gas Partnership

The UK's Capricorn Energy plans to merge with Israel’s NewMed partnership in an all-share deal after paying a $620 million special dividend to its shareholders, abandoning a previous scheme to join Tullow Oil. A Capricorn-NewMed merger would create an Israel-Egypt-focused gas producer, including NewMed’s stake in Israel’s giant Leviathan offshore field, at a time when Europe is looking for non-Russian energy supplies. The new group would be listed under NewMed in London and led by Yossi Abu, the chief executive of NewMed.

Abu said the new group would aim to raise its production to over 200,000 barrels of oil per day by the end of the decade from its current 115,000. This would be the first Israeli company to own oil and gas assets in its neighboring Arab state, Egypt, which has an energy-hungry population of some 104 million. Israel already supplies gas to Egypt after discovering large resources off its coast in the 2000s. Abu said the merger better positions NewMed as a potential gas supplier for Europe, adding that the company was still weighing its options for further developing Leviathan. (i24NEWS 29.09)

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* 1. 83North VC Firm Closes a $400 Million Investment Fund

Israeli-UK venture capital firm [83North](https://www.83north.com/%20‎) has closed its $400 million seventh fund for investment in early stage and growth startups. Due to the global economic uncertainty and unlike in previous funds, 83North decided to merge its early stage startup and growth company investments into the same fund. Last year 83North closed two funds totaling $550 million and the venture capital firm now has $2.2 billion under management.

Despite the difficulty of attracting investors to new venture capital funds these days, due to the rise in interest rates, which makes investing in risk-biased instruments less viable and due to the geopolitical uncertainty, the fund managed to raise capital from those limited investors who have invested in the past.

Estimates are that a series of exits over the past 18 months have brought the fund some of the highest returns in the venture capital industry. Due to inflationary fears last year, the fund preferred to sell its stakes in companies holding IPOs including ironSource, Payoneer and Marqeta.

The fund also benefited from mergers and acquisitions between private companies and tech giants. 83North was a prominent partner in the sale of the delivery app Wolt to US rival DoorDash for $8.2 billion, and the sale of Israeli cybersecurity Siemplify to Google for $500 million in January, and was the only external investor in Gigi Levy's Israeli mobile games company Beach Bum of Gigi Levy, which was sold at the end of last year for $275 million to French company Voodoo.

83North is a slightly unusual fund in the Israeli venture capital landscape: most of its partners are Israeli, but its investment policy is global - the company invests in startups in Israel, Europe, the UK and the US. The fund also has a limited partner structure: it has no more than four partners who do most of the work alone, without an advisory team. (Globes 02.10)

REGIONAL PRIVATE SECTOR NEWS

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* 1. Swimlane Expands Into Middle East, Turkey and Africa

Boulder, Colorado's Swimlane, the low-code security automation company, announced its expansion to the Middle East, Turkey and Africa (META) with the appointment of Ashraf Sheet as vice president of the region. Sheet will build on the increasing demand for Swimlane security automation throughout META while accelerating the company’s go-to-market and channel growth plans in the region.

According to a report, globally, there is already a shortage of some 2.72 million cybersecurity professionals, and a critical need for the workforce to grow 65% to effectively defend organizations’ assets. When you consider that the Middle East cybersecurity market on its own is projected to more than double from US $20.3 billion in 2022 to $44.7 billion by 2027, driven by significant government economic diversification drivers, it’s fair to say that the recruitment of cybersecurity professionals from within the region or from international markets will continue to significantly challenge organizations.

Swimlane is currently the largest and fastest-growing pure-play security automation company globally, and the company’s expansion into META follows a recently announced $70 million growth funding round led by Activate Capital. (Swimlane 28.09)

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* 1. Procore Opens First MENA Office in Dubai to Reinforce Industry Commitment

Carpinteria, California's Procore Technologies, a leading global provider of construction management software, announced the opening of its first Middle East and North Africa (MENA) office, located in Dubai’s Internet City, following a successful launch in the region last year. This new office reflects Procore’s long-term investment and commitment to the MENA region, and signifies the company’s continued growth and global expansion.

This new regional base will help Procore further deliver on its mission of connecting everyone in construction on a single platform, ultimately enabling owners, general contractors and specialty contractors to build smarter across MENA. The power of Procore to accelerate collaboration, streamline communication and provide real-time visibility into project performance is vital given construction has become integral to the region’s growth as outlined in the likes of Saudi Arabia’s Vision 2030 and the Dubai 2040 Urban Master Plan. (Procore 26.09)

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* 1. twofour54 Launches ‘The Community Hub’ to Connect Creative Sector & Startups

Abu Dhabi-based twofour54 has launched ‘The Community Hub’, a collaborative space for gamers, filmmakers, animators, freelancers, startups and SME content creators. Located at the heart of Yas Creative Hub, the purpose-built development for media, entertainment and gaming, it features an array of spaces, from private meeting rooms and lounges to a screening room and brainstorming areas. The Community Hub will offer businesses in the UAE and beyond access to a network of creative and media professionals.

The Community Hub includes members of AD Gaming, filmmakers of the Arab Film Studio, and talent from the Creative Lab. The AD Gaming Hub houses a gaming Centre of Excellence established by software developer Unity Technologies, where students, professionals and small businesses can learn and acquire the skills needed to succeed in the ever-growing regional gaming industry. The Creative Lab and The Arab Film Studio aim to support their participants by cultivating their talent and building their experiences through internships, workshops, and courses. NVIDIA is also launching its studio at twofour54’s Community Hub to support aspiring artists and industry professionals. (Various 01.10)

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* 1. Bikeera Teams with Binance Pay to Accept Virtual Payments in the UAE

Dubai's [Bikeera](https://bikeera.com/) is teaming up with Binance to accept virtual asset payments for the purchase of bicycles, scooters, electric mobility vehicles, gears and services on their website or in their store in Dubai. The alliance makes Bikeera one of the first companies in the UAE to accept virtual asset payments through Binance Pay, and the first mobility company to offer customers the choice of paying in cryptocurrencies. China's [Binance Pay](https://www.binance.com/en) is a contactless and borderless gateway on the Binance App that allows users and merchants around the world to use cryptocurrencies without incurring special handling fees.

Set to boost sustainable mobility in the GCC in view of COP28 in the UAE, Bikeera says the move aims to help reduce GHG emissions, carbon footprint and improve the health and lifestyle of GCC residents. Settlements will be facilitated by Binance, and the crypto-to-crypto gateway will support various crypto assets such as BNB, Bitcoin and Ethereum. With this development, Bikeera follows the steps of Majid Al Futtaim, Virtuzone, Palazzo Versace, EasyPay and others as pioneering companies in MENA to have integrated Binance Pay in their systems. (GB 30.09)

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* 1. Siwar Foods Signs Partnership with Italian Dessert Manufacturer Dolceria Alba

Riyadh's [Siwar Foods](https://siwar.com/en) signed an exclusive partnership with Italian Dessert Manufacturer Dolceria Alba. The agreement will see Siwar introduce a range of desserts under its own brand in the KSA market, covering retail and HORECA. The range includes several semi frozen ice cream (Semi Freddo) desserts including; Chocolate Lava Cake, Wild Berry Cheesecake, Coffee infused Tiramisu and the exotically indulgent Pistachio Cake. Siwar entered the ready to eat market in May 2020 and in a short space of time has become a leading FMCG player in the frozen convenience category with strong retail presence across KSA. Based in Italy, Dolceria Alba started producing high quality desserts in 2006 and operates a plant in northern Italy.

The full range of Siwar's ready to eat meals and desserts can be found in retailers across KSA or ordered online via the Siwar mobile application. Siwar Foods is a new Saudi FMCG company, focused on redefining the 'time saving' food sector in KSA and the region. They work with leading suppliers to bring ready to eat products, inspired by flavors from around the world, to the local market. (Siwar Foods 02.10)

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* 1. Saudi Startup NearPay Raises $3.6 Million in a Pre-Series A Round

Saudi-based point of sale startup [NearPay](https://www.nearpay.io/) has closed a $3.6 million pre-series A funding round led by Vision Ventures, with participation from Hala Ventures, Arzan VC, Palm Ventures, and angel investors. Founded in 2020, Riyadh's NearPay provides a solution that allows merchants to accept payments through their mobile phones without the need for specialized hardware such as payment terminals. The company has over 15 clients and it has also obtained security certificates for all payment networks including the MasterCard Level 3 MTip Certification and VISA Level 3 Certification. The latest funding will be used to enhance NearPay’s offering as well as expand its team. (Fintechnews Middle East 04.10)

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* 1. CardoO Wins $660,000 in Seed Funding

Cairo based [CardoO](https://cardoo.co/) has won $ 660,000 in a seed funding round led by Alexandria Angels, with investment from Sofico, the European Bank for Reconstruction and Development (EBRD) and Saudi angel investors.

CardoO sells affordable smart devices including smart watches, wireless earbuds, mobile game joysticks, and VR headsets. The company also operates an app which allows users to control products and link their devices with each other. The company has sold more than 100,000 units since its launch in 2019 via online stores and major retailers including BTECH, Amazon, and Virgin Megastore.

CardoO obtained the funds via a hybrid revenue-based and equity financing arrangement, which the company says is a first in Egypt. Under the arrangement, investors were able to split their investment between receiving equity and a portion of the company’s revenues. They will now receive 3% of the company’s monthly revenues until they receive three times the amount they paid in.

The company currently manufactures its devices in China but has signed several agreements with local factories to onshore production. The company will produce 100% of its devices in Egypt by next year. The funding will allow CardoO to expand its product line and scale the quantity of inventory, adding two or three devices by the end of 2023. The company is also exploring expanding into a similar emerging market either in the GCC or Africa by 2024. (Enterprise 04.10)

CLEAN TECH & ENVIRONMENTAL DEVELOPMENTS

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* 1. Bahrain Tenders Landfill Remediation Project in Preparation for a 100 MW Solar Farm

[Bahrain's Electricity and Water Authority (EWA)](http://www.ewa.bh) launched its tendering process to appoint a qualified contractor to remediate a two square kilometer landfill site to prepare the plot for the development and implementation of a solar project with a minimum capacity of 100 MW. The landfill site is located at Askar, in the Southern Governorate of Bahrain. The scope of the project will involve the design and construction of a landfill gas extraction and treatment system to meet the requirements of environmental standards as per the Supreme Council of Environment requirements. The project will also include land remediation, the development of gas and leachate management systems, and a drainage system to ensure the site readiness for the construction and operation of the solar project.

The tender scope also includes the site investigations to meet the required performance specification and environmental monitoring of the landfill site (leachate, groundwater contamination, air emissions, landfill gas treatment etc.) at agreed intervals until 12 months following the completion of the site remediation.

With Bahrain's Economic Recovery Plan, the Kingdom plans to target investments worth $30 billion in strategic projects, creating new investment opportunities in infrastructure and priority sectors across the Kingdom, including renewable energy sectors such as blue and green hydrogen. (BEWA 29.09)

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* 1. Doosan Enerbility Will Build a $378 Million Cogeneration Plant in Saudi Arabia

South Korea's Doosan Enerbility will build a $378 million cogeneration plant in Saudi Arabia under an agreement with Korea Electric Power Corporation (Kepco). The plant will be in KSA’s Jafurah, east of Riyadh. The 320 MW plant will be completed in H1/25 and is expected to produce electricity and 314 tons of steam per hour to power and heat the Jafurah gas field.

The plant traps waste heat from industrial processes and reuses it to generate electricity for something else. Trying to reduce the carbon footprint of fossil fuel production is increasingly an issue. Abu Dhabi National Energy Company (Taqa) partnered with Japanese trading company Marubeni Corporation to develop a greenfield industrial steam, water and electric cogeneration plant and seawater desalination plant in September last year.

As project developer, Kepco will oversee the project development and operation, while Doosan in its role as EPC contractor will handle the overall process starting from design to the equipment supply, installation and plant commissioning. This is the third project that Doosan Enerbility was awarded in Saudi Arabia this year. In August, the company signed a $587 million desalination plant construction contract, and in February, it was awarded a $699 million contract for the construction of a casting and forging facility in the kingdom. (Enterprise 28.09)

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* 1. Egypt's Countdown to COP27

Egypt signed an agreement with the United Nations Development Program (UNDP), the European Union delegation to Egypt, the embassies of Denmark and Switzerland, and the African Foundation for Climate Change and Sustainable Development for $6.2 million in funding to support the country’s COP27 presidency. The project will see Egypt receive technical expertise and consultations to plan and organize the summit for November.

There are 40 days left until COP kicks off with the two-day world leaders’ summit opening on 7 November. Thematic days then run 9-17 November, starting with finance day.

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* 1. Egypt is Looking at Legislation to Promote the use of EVs

Egypt’s Senate is debating a bill that would establish a new regulatory body that will set policy for EVs assembly in Egypt. The bill also establishes a new fund that will provide financial incentives and facilities for EV assembly. This legislation may be a key component of Egypt’s long-awaited automotive strategy — dubbed the Automotive Industry Development Program (AIDP) — which has made local EV assembly a key cornerstone. A Supreme Council for Vehicle Manufacturing, which will be headed by the prime minister, will draft policies, strategies, regulation and legislation governing the wider automotive industry, including EVs.

The main event, however, is the EV finance fund. The fund’s primary role would be to provide financing and incentives to investors looking to get in on local EV assembly in Egypt. The fund, which will be headed by Egypt’s finance minister, will also provide funding for industry-relevant research and development on electric vehicle tech.

Egypt has for years been trying to get its local automotive assembly to be more competitive than regional rivals Turkey and Morocco. The latest iteration of its auto strategy, which launched back in March, made EVs a key priority. AIDP promises cash incentives of up to EGP 50k for buyers of locally-assembled EVs, while mandating that real estate developers build a certain number of charging points at their residential and commercial projects. The strategy also includes enlisting international partners to produce locally assembled electric cars in state-owned El Nasr Auto’s factory.

Egypt’s Interior Ministry issued separate regulations that will allow car owners to convert their gas and diesel-powered vehicles to electric or hybrid vehicles. Car owners must obtain a permit to convert their car engines from the Trade and Industry Ministry. Shift EV is the industry leader in Egypt for conversions, using proprietary battery technology to convert fleets for companies. (Ent6erprise 04.10)

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* 1. Egypt is a Regional Leader in Terms of Value of Green Hydrogen Projects

Egypt is leading MENA in terms of value of green hydrogen projects in the pipeline, with some $63.8 billion (some 35%) of the $180 billion worth of projects that have so far been announced, according to data from Middle East Business Intelligence (MEED). Egypt was followed by Oman ($48.9 billion) and Morocco ($16.85 billion). Saudi Arabia came in fourth with $10.5 billion, while the UAE ranked fifth across the region with $10.3 billion. Qatar and Kuwait both ranked last with $15 million each.

This summer alone, Egypt signed $32 billion worth of preliminary agreements for green ammonia and hydrogen projects with seven international companies set to generate a combined annual capacity of around 5.5 million tons of green fuel in the Ain Sokhna industrial zone. These include the development of clear regulations, agreements on certifications and streamlining electrolyzer production to make investments more profitable. (Enterprise 03.10)

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* 1. Work on the Casablanca Desalination Plant to Start in Mid-2023

While the call for tenders for the construction of the Casablanca-Settat desalination plant is still underway, the Moroccan government has announced the launch of the first phase of the project in mid-2023. According to Nizar Baraka, the Moroccan Minister of Equipment and Water, this part of the project will allow the supply of 200 million m3 of water per year, intended for irrigation and drinking water supply in the cities of Casablanca, Settat, Berrechid, Azemmour and El Jadida. The aim is to reduce the pressure on surface water, whose reserves have fallen drastically due to the drought.

This stage of the project should be completed in 2026. A second phase will extend the capacity of the Casablanca-Settat seawater desalination plant to 300 million m3 per year by 2030. The future plant will be located near the center of Sidi Rahhal, about 40 km southwest of Casablanca. The plant will be supplied from the Bouregreg and Oum Er Rbia basins in Morocco.

The National Electricity and Water Office (ONEE) is implementing this desalination project as part of the Priority Drinking Water Supply and Irrigation Program 2020-2027 (PNAEPI), launched in January 2022. Ome €800 million will be needed to build the future seawater desalination plant in the Casablanca-Settat region. In the meantime, the battle to obtain the concession continues. The successful bidders will be announced in May 2023. (Afrik21 28.09)

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* 1. Renewables Fully Cover Greece's Power Demand for the First Time on Record

Power generation from renewables fully covered Greece’s electricity demand over a few hours last week, for the first time in the history of the country’s electricity system. Independent Power Transmission Operator (IPTO) said on 10 October that renewables accounted for 100% of the power generation for at least five hours on 7 October, reaching a record high of 3,106 MW hours. Like other European countries, Greece has cut its reliance on Russian gas following the war in Ukraine by increasing liquefied natural gas (LNG) imports. It has also boosted coal mining, pushing back its decarbonization plan.

The share of renewables from solar, wind and hydro stood at 46% of the country’s power mix in the eight months to August this year, from 42% in the same period in 2021, according to Greece-based environmental think-tank The Green Tank. Greece aims to attract about €30 billion in European funds and private investments to upgrade its electricity grid and more than double its green energy capacity to account for at least 70% of its energy mix by 2030. It plans to have 25 GW of installed renewable energy capacity from about 10 GW now but analysts say Athens might reach that target sooner. IPTO has been investing in expanding the country’s power grid to boost power capacity and facilitate the penetration of solar, wind and hydroelectric energy. (eKathimerini 10.10)

ARAB STATE DEVELOPMENTS

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* 1. Beirut Approves 2022 Budget with an Estimated Deficit of LBP 11 Trillion

The 2022 budget prepared by MOF envisaged total expenditures of 47.32 T LBP and total revenues of 39.11 T LBP with a deficit of 8.21 T LBP. The budget was viewed as an emergency budget that would set the stage for reforms and the agreement with the IMF. In fact, it is one of the pre-conditions for the IMF agreement to be approved by the Executive Board. It was also based partly on an exchange rate of 20,000 LBP to the $, including the customs dollar. Other details include expenditures to be divided as follows: 18.3% on wages and salaries; 30.18% on social expenditures; 10.08% on debt service; 34.79% on other current expenditures; and 6.65% on capital expenditures. And expenditures do not include transfers to EDL.

As to revenues, it is estimated that 32.91 T LBP would be tax revenues. Upon discussion by Parliament on 26 September, the new budget that was approved and became a law assumed expenditures of 40.87 T LBP and revenues of 29.98 T LBP with an estimated deficit of 10.98 T LBP. Prior to approving the budget, some MPs argued that after accounting for the 2-times increase in the wages and salaries of public sector employees and retirees , the deficit should rise to 16 T LBP. But the MOF countered that revenues from the Ministries of Communications and Public Works are expected to bring additional revenues of close to 6-7 T LBP, primarily from port and airport revenues priced in dollars and communication revenues priced at Sayrafa. It was also approved that the customs dollar – and perhaps the exchange rate to be applied on some transactions – will be 15,000 LBP to the $.

There is still considerable uncertainty as to what the exact figures for expenditures and revenues will be, as the budget seems to have been hastily approved and not enough clarity was provided regarding the applicable exchange rates. If the budget deficit — whether at 11 T LBP or more — was to be financed primarily by BDL through the printing of money with no sterilization operations done parallel to that, then the impact of the deficit on inflation and the exchange rate will be hugely negative. (BLOM 27.09)

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* 1. Jordan's Trade Deficit Rises by 34% Between January and July

Jordan's trade deficit in the January-July period increased by 34.2% to JD5.947 billion, compared to 4.43 billion in the same period of 2021. The Department of Statistics' (DoS) monthly report showed that total exports in the first seven months of 2022 hiked by 44.8%, hitting JD5.110 billion against 3.528 billion in 2021. Similarly, national exports also went up by a major 46.8%, standing at JD4.691 compared to 3.196 billion in the same reporting period. Re-exports amounted to JD418 million by the end of July, up 25.9% from the JD332 million recorded last year.

Regarding imports, their value rose by 38.9% to JD11.057 billion against 7.959 billion in 2021's first seven months. The report pointed out that the coverage ratio of total exports to imports stood at 44.3% in the same reporting period of 2022, compared to 46.2% in 2021, a decline of 1.9%. On a monthly basis, national exports in July 2022 reached JD730.7 million against 473.8 million during the same month of 2021 with an increase of 54.2%. (Petra 28.09)

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* 1. Jordanian Expat Remittances Stood At $2.251 Billion by Last August

The total remittances of Jordanians working abroad stood at $2.251 billion during the January-August period of 2022, compared with $2.238 billion in the first eight months of 2021, data released by Central Bank of Jordan (CBJ) revealed. During last August, Jordanian expat remittances hit $270 million, compared with $274 million, in the same month 2021, the CBJ figures showed. (Petra 02.10)

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* 1. Iraq & Jordan Launch Electrical Grid Connection Project

On 6 October, the Iraqi and Jordanian prime ministers met in the western province of Anbar to launch a groundbreaking project for the electrical grid connection between the two countries. The length of the power line would be 16 km. inside Jordan and 330 km. The project is expected to be finalized in mid-2023, providing 150 MW at the first stage and gradually increasing to 500 MW. Iraq has been working over the last few years on multiple grid connections with its neighbors.

An Iraqi delegation signed a grid connection agreement with Saudi Arabia in July during the Jeddah Security and Development Summit. This is in addition to other grid connection project with the Gulf States via Kuwait which Iraq is working to achieve in the future. Iraq also has a grid connection with Turkey, importing 150 MW, and it imports 1,200 MW from Iran. Iraq's ultimate goal is to become a transit hub for electricity in the region, in addition to fulfilling the country's need for electricity, which is about 27,000 MW daily, while it is producing only 22,000 MW at the moment. (Al-Monitor 09.10)

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* 1. Non-Oil Trade Between UAE & China Crosses Dhs1.72 Trillion After 10 years

The non-oil trade between the UAE and China increased by 78.5% from 2012 to 2021, totaling Dhs223.5 billion by the end of 2021 compared to Dhs125.1 billion in 2012. The total value of their non-oil trade exceeded Dhs 1.72 trillion during the reporting period, including imports valued at Dhs1.53 trillion, non-oil exports valued at Dhs64 billion, and re-exports valued at Dhs121 billion, the Federal Competitiveness and Statistics Centre (FCSC) has reported.

The non-oil trade exchange between the UAE and China in H1/22 totaled Dhs118.4 billion, consisting of imports valued at Dhs102.7 billion, non-oil exports valued at Dhs5.5 billion, and re-exports valued at Dhs9.8 billion. The highest trade exchange in the last decade was in 2017, worth Dhs195.6 billion, a rise of 15% compared to 2016. Telecommunications devices topped the list of goods imported from China over the past year, amounting to Dhs70 billion, followed by data processing equipment at Dhs23.6 billion, medical vaccines at Dhs4.1 billion, display screens at Dhs2.5 billion, and headphones and amplifiers at Dhs2.5 billion.

In the list of top five goods exported to China, ethylene polymers came in the first place with Dhs4 billion, followed by propylene polymers with Dhs1.9 billion, rapeseed oil with Dhs1.4 billion, copper scraps with Dhs600m, and residues of fatty oil extraction with Dhs570m. In last year’s list of re-exports to China, telecommunications devices came in the first place with AED8.3 billion, followed by data processing equipment with AED2.09 billion, vehicles with some AED1.5 billion, raw nickel with AED1.3 billion, and car accessories with AED600 million. (GB 03.10)

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* 1. First EV Assembly Facility Inaugurated in Dubai

On 5 October, the first EV assembly facility in the UAE was inaugurated in Dubai. The AED 1.5 billion Al Damani Auto EV plant can currently assemble 10,000 cars annually but it plans to raise the production capacity to 55,000 cars per annum over the coming few years. The factory will likely produce two models of Al Damani DMV300, which has a battery capacity of 52.7 kWh and can cover more than 405 km on a single charge. M Glory Holding Group, which owns Al Damani Auto, began construction on the plant back in March.

M Glory said its EVs will be exported to the wider GCC region, as well as to Egypt, Tanzania, Senegal, Mali and Kenya. Nwtn Motors signed an agreement last month for an EV assembly facility that would produce 50,000 vehicles a year. Dubai’s Jebel Ali Free Zone is also home to the region’s first EV and battery logistics hub operated by DHL and the Dubai EV green charger initiative is contributing to expanding the infrastructure to support a gradual transition to EVs.

The UAE has made EVs and other green technologies a crucial [art of its Net Zero 2050 Strategic Initiative. Earlier this year, Abu Dhabi launched its regulatory policy for EV charging stations with the aim of attracting investments in the sector and encouraging consumers to buy and drive EVs. The UAE’s charging station to vehicle ratio is among the world’s highest, with the aim to have over 1,000 stations by 2025. The UAE was ranked #8 in Arthur D. Little’s Global Electric Mobility Readiness Index (GEMRIX) - the only MENA country to be featured. (Enterprise 06.10)

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* 1. UAE Signs Deal to Supply Germany With Natural Gas & Diesel Fuel

The United Arab Emirates agreed 25 September an energy security agreement with Germany to supply liquefied natural gas and diesel as Berlin searches for new power sources to replace Russian supplies. Emirati Industry Minister Sultan Al Jaber signed the deal, which was witnessed by Chancellor Scholz, who was on a visit to the UAE. The German leader is touring the Gulf in the hope of sealing new energy deals to replace Russian supplies and mitigate the energy crisis resulting from Moscow's invasion of Ukraine.

As part of the deal, the UAE will provide an LNG cargo for delivery in late 2022, to be used in the commissioning of Germany’s floating LNG import terminal at Brunsbuettel, a North Sea port. UAE state oil company ADNOC completed its first ever direct diesel delivery to Germany earlier this September, and is to supply up to 250,000 tons of diesel per month in 2023.

Scholz also met in Jeddah with Saudi Crown Prince Mohammed bin Salman, and later he flew to Qatar to hold talks with Emir Sheikh Tamim bin Hamad Al-Thani. His trip to Qatar followed France's TotalEnergies signing of a new $1.5 billion deal to help expand Doha's natural gas production. (AFP 25.09)

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* 1. Etihad Rail and Oman Rail to Set Up $3 Billion Joint Company to Operate Line

Etihad Rail and Oman Rail on 28 September signed a landmark deal to set up $3 billion joint company to operate a rail line linking Sahar Port to with the UAE rail network. The high-speed rail will freight and passengers between the UAE and Sultanate. The passenger train can reach speeds of 200kph will connect Abu Dhabi with Sohar. The agreement was signed by the CEO of Etihad Rail and the Group CEO of ASYAD. The joint network cements the strategic and historic relationship between Oman and the UAE stimulates the growth of various industrial sectors and economic activities.

The much-anticipated 303 km. railway will primarily link Sohar to Abu Dhabi and will feature the best international safety, security and environmental standards, to provide faster and safer passenger and freight services. The passenger trains are designed to reduce travel time from Sohar to Abu Dhabi to 1 hour 40 minutes, and from Sohar to Al Ain to 47 minutes, travelling at a maximum speed of 200 km/h. Meanwhile, the freight trains will run up to 120 km/h.

Employing cutting-edge transport and rail technology, the railway network between the Sultanate of Oman and the United Arab Emirates will boost the growth of the national economy in both countries. It will also improve the efficiency of the supply chain, facilitate cross-border trade by linking commercial ports to the railway network, boost market competitiveness and reduce the total cost of supply chains. (WAM 28.09)

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* 1. UAE & Saudi Arabia Non-Oil Foreign Trade Grows by 92% Over Past Decade

The non-oil foreign trade between the UAE and Saudi Arabia grew by 92.5% over the past decade. The non-oil foreign trade amounted to Dhs124.69 billion by the end of 2021 compared to Dhs64.79 billion by end of 2012, according to statistics from the Federal Competitiveness and Statistics Centre (FCSC).

From 2012 to 2021, Saudi Arabia was the UAE’s fourth leading trading partner, with their trade exchange amounting to Dhs904.3 billion, or 5.6% of the UAE’s total international trade. The total value of non-oil exports from the UAE to Saudi Arabia over the past ten years stood at around Dhs205.5 billion, while re-exports were valued at Dhs471.7 billion, and imports at Dhs227 billion.

Re-exports represented 48% of the total trade between the two countries in 2021, valued at more than Dhs59.78 billion, while exports accounted for 30%, with a value of more than Dhs37.85 billion. In 2021, petroleum and oil obtained from bituminous minerals topped the list of Emirati imports, with a value of over Dhs5 billion, followed by ethylene polymers in their primary forms valued at Dhs3.35 billion, and raw, semi-worked or powdered gold with a value of Dhs1.87 billion. Gold topped the list of key commodities exported to Saudi Arabia in 2021, with a value of Dhs10.9 billion, followed by wires valued at Dhs3.11 billion.

Telephone devices, including phones for cellular networks and other wireless networks, topped the list of goods that were re-exported to Saudi Arabia in 2021, with a value of Dhs11.58 billion, followed by machines for the self-processing of information and their units, magnetic or optical readers, and machines for transmitting information on stands in the form of codes worth Dhs6.12 billion, and then by cars worth Dhs2.29 billion, vehicle parts and supplies worth Dhs2.08 billion, and ready-made clothes worth Dhs1.59 billion. (GB 23.09)

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* 1. UAE & Tanzania Sign Double Tax Avoidance Deal

On 29 September, the United Arab Emirates (UAE) and Tanzania signed an agreement preventing double taxation as well as tax evasion. It seeks to strengthen tax cooperation between the UAE and the southern African country and avoid impeding the flow of trade and investment. The agreement further indicates the UAE’s desire to remove barriers to bilateral investment and trade with Tanzania. The UAE’s ties to the country are growing. In August, the Emirati renewable energy firm Masdar agreed to develop solar and wind power projects in Tanzania.

The Emirates is seeking greater economic ties with other African states as well. In June, Abu Dhabi signed a trade financing agreement with several countries in West Africa. The UAE is also considering Kenya for its next free trade agreement. (Al-Monitor 29.09)

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* 1. Dubai Ranked Fifth Globally and First in Arab World in UN E-Government Survey 2022

Dubai has achieved outstanding results in the Local Online Service Index (LOSI) 2022 issued by the United Nations as part of its bi-annual E-Government Survey, with the city being included in the list of the world’s best-performing digital governments that received a ‘Very High’ rating. Dubai was ranked fifth globally and first in the Arab World in the Index.

Dubai received perfect scores in Institutional Framework, Content Provision and Service Provision, earning it top ranking in these vital indicators and consolidating its reputation as one of the world’s best digital governments. The city also received fourth ranking in the Technology index. The latest Local Online Service Index assessed digital governments in major cities across 193 countries.

Dubai scored 0.9186 on the survey’s Local Online Service Index, placing it in the fifth spot, behind top-ranked Berlin, Madrid, Tallinn and Copenhagen. The 2022 Local Online Service Index comprises 86 indicators relating to five criteria: institutional framework (8), content provision (25), services provision (18), participation and engagement (17), and technology (18).

The United Nations Department of Economic and Social Affairs conducted the first integrated assessment of local governments in the UN E-Government Survey 2018, which was a pilot study featuring 60 different indicators limited to just 40 cities, including Dubai. The 2020 edition of the survey was expanded to include 100 cities and around 80 indicators. The 2022 edition covers cities from every country in the world and includes a total of 86 indicators. (WAM 29.09)

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* 1. Barakah Nuclear Energy Plant’s Unit 3 Now Connected to UAE Transmission Grid

The Emirates Nuclear Energy Corporation (ENEC) announced that its operations and maintenance subsidiary, Nawah Energy Company (Nawah), has connected Unit 3 of the Barakah Nuclear Energy Plant to the UAE’s transmission grid. Unit 3, which started up in September, has commenced the delivery of the first megawatts of carbon-free electricity. With both Units 1 and 2 already in commercial operation, generating clean electricity every minute of the day and Unit 3 close to commercial operations in the coming months, Barakah is accelerating the decarbonization of the power sector and forms an essential component of the UAE’s Net Zero 2050 Strategy.

Unit 3 will provide an additional 1,400 megawatts of zero-carbon emission electricity capacity to the national grid. Following the grid connection, Unit 3 will undergo the process of gradually raising power levels, known as power ascension testing, or PAT. The process will be continuously monitored and tested until maximum electricity production is reached while adhering to all local regulatory requirements and the highest international standards of safety, quality and security. The four units at Barakah alone are contributing 25% of the UAE’s National Determined Contributions to net zero and are the largest sources of available clean electricity. (GB 09.10)

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* 1. STC to Spend $1 Billion to Make Saudi Arabia a Regional Data Hub

STC - Saudi Telecom Co., the Middle East’s most profitable mobile operator, plans to spend about $1 billion to transform the kingdom into a regional data hub, and may sell a stake in its Center3 business to finance the plans. The investment over the next five years by Center3, as the data unit is known, would help Saudi Arabia host more media, gaming and corporate data. It would also follow an initial investment of $1 billion on building data centers and submarine data cables. STC, which wholly owns Center3, may consider a stake sale in the future.

STC is expanding into a range of services beyond its core telephone network business. In the past few years, its digital payments arm has grown to be worth more than $1 billion and the company has listed a stake in its internet services arm. STC views the region, and Saudi Arabia specifically, as still a consumer of data when it comes to how we connect to other hubs – whether it is cloud content, media or gaming. With the growing demand there’s a rising need to host that content locally. (Bloomberg 05.10)

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* 1. Saudi Crown Prince Launches New Company to Develop Downtown Areas in 12 Cities

Saudi Crown Prince Mohammed bin Salman announced the launch of Saudi Downtown Company (SDC), which aims to build and develop downtown areas and mixed-use destinations in 12 cities throughout the kingdom. The new company will aim to improve infrastructure and build partnerships with the private sector, by creating new opportunities in economic sectors such as retail, tourism, entertainment and housing. The new company will develop over 10 million square meters of land across all projects, creating destinations drawn from Saudi Arabia’s diverse local culture and traditional architectural motifs.

Public Investment Fund, the country’s sovereign wealth fund, aims to increase trade and investment opportunities in various cities across Saudi Arabia. The projects will help create job opportunities for local citizens, as well as localize knowledge and expertise to help entrepreneurs start and expand their businesses.

Under the five-year strategy announced by PIF last year, the wealth fund will invest a minimum of $40 billion annually in domestic projects and investments, contribute $320 billion to non-oil GDP cumulatively through its portfolio companies, grow assets under management to over $1.07tn, and create 1.8 million direct and indirect jobs by the end of 2025. PIF will focus on 13 sectors as part of its core domestic strategy: healthcare; utilities and renewables; telecoms, media and technology; food and agriculture; automotive; transport and logistics; real estate; aerospace and defense. (GB 04.10)

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* 1. Saudi Arabia Partners With Senegal on Railway & Desalination Plant

Saudi Arabia and Senegal made significant strides in improving their relations, as the Saudi company ACWA Power signed a MoU with Senegal’s national electric and water companies to build a water desalination plant. ACWA signed another memorandum with the Senegalese electric company to build a gas-to-power plant. The Federation of Saudi Chambers and Senegal’s National Union of Chambers also agreed to establish a joint Saudi-Senegalese business council. Saudi Arabia’s development fund agreed to provide the West African country with a $63 million loan to construct a highway on its Atlantic coast.

Saudi Arabia has had a strong diplomatic presence on the African continent for decades, albeit Saudi investments on the continent have not been historically numerous. Saudi Arabia has expressed more interest in investing in Africa this year. In June, a Saudi royal adviser met with the Common Market for Eastern and Southern Africa (COMESA) and expressed more interest in African investments and development. (Al-Monitor 28.09)

►►North Africa

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* 1. El Sisi Wants Egypt's Import Woes Fixed Within Two Months

Import challenges facing manufacturers will be solved within two months, Egyptian President El Sisi said on 27 September. The state is serious about solving the problems of investors, including the issue related to production inputs and their shortage in the markets during the past two or three months, he said, speaking during the inauguration of several projects. The president said that he’d spoken to Central Bank of Egypt (CBE) Governor Abdalla about resolving the crisis.

Many Egyptian businesses are unable to source the foreign exchange they need to import production inputs — let alone to bring in finished goods. This has caused shortages of industrial and consumer goods, forcing manufacturers and assemblers in some sectors to slow or even suspend production and some to lose “tens of millions of dollars” a day. The CBE eased restrictions to allow importers to use some of their FX balances to pay for imports, but they remain unable to use any FX that entered their accounts after 19 September.

These issues will come up during the Madbouly government’s economic conference, which will take place in October, El Sisi said. The conference will give the business community a chance to voice their concerns to the government on the problems and obstacles they face, he said. The final draft of the state ownership document, trade policy, and industrialization will also be on the agenda for the conference, which was originally expected to happen at the end of this month.

The government is looking to increase exports to $100 billion a year by 2025, partially through a new focus on localizing manufacturing and increasing revenues from gas exports, which it hopes to double to $1 billion a month. Export revenues climbed 58% to $32.5 billion in 9M 2021-2022 from the same period the year prior. (Enterprise 28.09)

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* 1. Egypt’s Current Account Deficit Narrowed by 10.2% in FY 2021/2

Egypt’s current account deficit narrowed by 10.2% to $ 16.6 billion in FY 2021-2022, buoyed by oil and non-oil exports, rising tourism receipts, and a jump in FDI, according to central bank figures released on 6 October. Tourism receipts more than doubled y-o-y to $ 10.7 billion as tourist arrivals gained momentum after a slump triggered by the war in Ukraine, which had a significant impact on tourism from Russia and Ukraine — two of Egypt's key tourism markets. Tourist arrivals increased more than 85% y-o-y in H1/22 to reach 4.9 million visitors. Egypt has been working overtime to attract visitors from other European markets to drive inbound traffic, with efforts also including luring tourists from little-tapped markets in Latin America and other markets, including the Gulf.

Net foreign direct investment rose 71.4% y-o-y to $ 8.9 billion during the fiscal year that ended in June. Net FDI in the non-oil sector recorded $ 11.6 billion, the majority of which came in during H2 2021/2. Greenfield investments and capital increases from existing companies accounted for $3.4 billion of non-oil FDI, according to the balance of payments. Egypt’s oil trade balance recorded a $4.4 billion surplus for the year, from a deficit of $6.7 million during FY 2020/1, thanks to the global hike in natural gas prices and our entry to new markets including Turkey, Italy, France and Greece. (CBE 06.10)

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* 1. World Bank Forecasts Egypt’s Economy to Grow by 4.8% in 2023

The World Bank expects Egypt’s economy to grow at a 4.8% rate in FY 2022-2023, according to its October MENA Economic Update. The forecast marks a downward revision of 0.2%age points from its April forecast (pdf), when the bank expected Egypt to grow 5.0% during the current fiscal year.

Egypt is outperforming most other oil importers in the region — the exception being Djibouti, which is expected to see its economy grow 5.3% in 2023. MENA’s net oil importers are seeing “heightened stress and risk” to their economies due to “higher import bills, especially for food and energy, and from the depreciation of local currencies in some countries,” the report says. Debt service burdens are growing for oil importers, including Egypt, Jordan, and Tunisia, as global interest rates are on the rise with the wave of monetary tightening, the report notes. These countries are also facing increased expenses from inflation mitigation programs, which the World Bank says requires Egypt to “cut other expenditures, find new revenues, or increase deficit and debt” to continue financing.

Policymakers in Egypt intervened in “product-markets” through wide subsidies on foodstuffs and energy, which helped to keep annual inflation 4.1% lower than it would have been without intervention, the World Bank says. But adopting a subsidy on food and energy prices that benefits the entire population costs 13.2 times more than allowing prices to increase and supporting just the poorest 10% of the population with a cash transfer.

Growth across the MENA region is expected to come in at 5.5% in calendar year 2022, which the World Bank notes is the fastest rate in six years, before slowing to 3.5% in 2023. This average growth masks uneven patterns across countries. In the GCC, growth is expected to accelerate to 6.9% in 2022 based on higher crude oil prices, while non-GCC oil exporters will also see similar (albeit lower) growth. GDP growth per capita is uneven among the country groups. GDP per capita growth for GCC countries is expected to accelerate to 5.5% in 2022 before slowing to 2.4% in 2023. The corresponding rates are 2.5% and 1.1% for developing oil exporters,” while oil importers will see GDP per capita growth at 2.9% this calendar year and 2.7% in 2023. (WB 09.10)

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* 1. Morocco's Central Bank Hikes Interest Rates for First Time in 14 Years

Morocco’s central bank, Bank Al-Maghrib (BAM), raised central bank interest rates by 0.50 points to 2%, in response to the lingering supply chain bottleneck and rampant inflation. BAM explained the decision to raise central bank interest rates aims to “guarantee a rapid return to price stability.” The central bank also said that it would “continue to monitor closely the economic development,” especially inflationary pressures.

Noting the economic circumstances underlying the decision to raise interest rates, the bank explains in the statement that inflation averaged 8% in August, up from 7.7% in July -- way above the recommended 2%. On a quarterly basis, price inflation averaged 6.3% at the end of the second quarter of 2022, rising from 4% the previous quarter. Price inflation has extended to virtually all commodities with food and energy commodities prices rising to historical levels.

In light of this data, Bank Al-Maghrib projects that inflation would further accelerate to 6.3% at the end of 2022, up from 1.4% recorded a year ago. However, the central bank expects inflation to ease to 2.4% in 2023. (MWN 27.09)

TURKISH, CYPRIOT & GREEK DEVELOPMENTS

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* 1. Istanbul’s Annual Inflation Hits 107% - Further Widening Gap with National Rate

Annual retail inflation in Turkey’s most populous city of Istanbul rose to 107.4% in September from 99.9% the previous month, according to the Istanbul Chamber of Commerce. Consumer prices in the city of some 16 million more than doubled from a year ago. The latest data marks a continuation of an upward trajectory in the megacity’s inflation, the highest on record according to chamber’s data going back to 1996.

Erdoğan launched an unorthodox economic experiment nearly a year ago in attempting to bring down chronically high inflation by slashing interest rates, plunging the country into a fresh economic crisis. The move prompted the lira to slump, losing 44% of its value against the U.S. dollar in 2021 and roughly 28% this year. The Turkish leader maintains the unorthodox belief that high borrowing costs lead to higher prices, which opposes established economic theory.

Turkey’s official consumer price inflation rate edged up to 80.2% last month, extending the highest level since 1998, after the central bank unexpectedly cut interest rates. Istanbul’s September inflation figures have widened the megacity’s gap with the national figure to its widest since 2004, according to Istanbul Chamber of Commerce data. The cost of everything in the city from food to rent saw a sharp hike last month, the chamber’s data showed. Istanbul inflation has traditionally been used by economists as a gauge of nationwide inflation, which is released later each month. Turkey’s actual inflation increased to 181.4% in August year-on-year, according to a nationwide measure for inflation published by ENAG Group, an independent body of Turkish academics. (Ahval 02.10)

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* 1. Greece-Bulgaria Pipeline Starts Operations to Boost Non-Russian Gas Flows

Greece and Bulgaria have started commercially operating a long-delayed gas pipeline, which will help decrease southeast Europe's dependence on Russian gas and boost energy security. The 182 km. pipeline will provide a relief to Bulgaria, which has been struggling to secure gas supplies at affordable prices since the end of April, when Russia's Gazprom cut off deliveries over Sofia's refusal to pay in rubles.

Russia has decreased its gas deliveries to Europe after the West imposed sanctions on Moscow over its invasion of Ukraine, leaving European Union countries scrambling to secure alternative supplies amid surging prices. The Interconnector Greece-Bulgaria (IGB) pipeline will transport 1 billion cubic meters (bcm) of Azeri gas to Bulgaria. With an initial capacity of 3 bcm per year and plans to later raise this to 5 bcm, the pipeline could provide non-Russian gas to neighboring Serbia, North Macedonia, Romania and further to Moldova and Ukraine. It will carry gas from the northern Greek city of Komotini to Stara Zagora in Bulgaria. IGB is linked to another pipeline, part of Southern Gas Corridor that carries Azeri gas to Europe. The €240 million pipeline is controlled by a joint venture between Bulgarian state energy company BEH, Greek gas utility DEPA and Italy's Edison. (Euronews 01.10)

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* 1. Israel & Cyprus Resolve Disagreement Over Maritime Gas Field

There is a dispute over the development of the Aphrodite-Yishai joint reservoir, most of which is located in the economic waters of Cyprus and a small part in Israeli territory. After being stalled for nearly a decade, significant progress has been made recently on resolving this controversy. Following 19 September discussions in Cyprus between Israel's Energy Minister Elharar and her Cypriot counterpart Pilides, the two sides announced that they had agreed on most outstanding issues.

The emerging arrangement may include the sale of Israel’s concession to its part of the reservoir to companies that hold the franchise on the Cypriot side, although the amount of compensation has not been determined. Under this arrangement, Israel would agree to the demand of the Cypriot side’s companies to acquire all the rights to the field. The companies on the Israeli side had demanded the joint development of the field but were turned down.

To settle the issue of compensation, the two ministers and their teams agreed to appoint an international expert to determine the exact details of the arrangement between the franchise holders on both sides. This arbitrator is supposed to further determine whether the State of Israel will receive (one-time) financial compensation and completely waive its rights to the field, or will earn (regularly) royalties and taxes from the production once it begins.

The gas field, the Cypriot portion of which is known as Aphrodite and the Israeli part known as Yishai, is estimated to hold 130 billion cubic meters (bcm) of natural gas. Discovered in 2010, most of it lies within Cyprus’ territorial waters and is licensed to Chevron, Britain's Shell and Israeli partners. About 7% to 9% are located within Israel’s territorial waters and held by a partnership of three Israeli companies: Israel Opportunity Company, Eden Energy and Nammax. (Al-Monitor 05.10)

GENERAL NEWS AND INTEREST

\*ISRAEL:

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* 1. Shemini Atzeret/ Simchat Torah Celebrated

On 16/17 October, or 22 Tishri, the day after the seventh day of Sukkot, the holiday of Shemini Atzeret is observed in Israel and by world Jewry. In Israel, Shemini Atzeret is also the holiday of Simchat Torah. Outside of Israel, where extra days of holidays are held, only the second day of Shemini Atzeret is Simchat Torah. These two holidays are commonly thought of as part of Sukkot, but that is technically incorrect; Shemini Atzeret is a holiday in its own right and does not involve some of the special observances of Sukkot. Shemini Atzeret literally means the "assembly of the eighth (day)." Rabbinic literature explains the holiday this way: our Creator is like a host, who invites us as visitors for a limited time, but when the time comes for us to leave, He has enjoyed himself so much that He asks us to stay another day. Another related explanation: Sukkot is a holiday intended for all of mankind, but when Sukkot is over, the Creator invites the Jewish people to stay for an extra day, for a more intimate celebration.

Simchat Torah means "Rejoicing in the Torah." This holiday marks the completion of the annual cycle of weekly Torah readings. Each week in synagogue a few chapters from the Torah are read publicly, starting with Genesis, Chapter 1 and working around to Deuteronomy, Chapter 34. On Simchat Torah, the last Torah portion is read, then proceeds immediately to the first chapter of Genesis, emphasizing that the Torah is a circle and never ends.

The completion of the readings is a time of great celebration. There are processions around the synagogue carrying Torah scrolls and of high-spirited singing and dancing. As many people as possible are given the honor of an aliyah (reciting a blessing over the Torah reading); in fact, even children are called for an aliyah blessing on Simchat Torah. In addition, as many people as possible are given the honor of carrying a Torah scroll in these processions. Shemini Atzeret and Simchat Torah are holidays on which work is not permitted.

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* 1. Avigail & Muhammed Most Popular Names for Newborns in Israel

Israel’s Population and Immigration Authority released the top ten names given to Israeli babies this year, led by Avigail for girls and Mohammed for boys. According to statistics, 993 girls named Avigail were born this year, nearly all to Jewish families. The second most popular female name is Miriam with 970 girls named in Israel, followed by Tamar, which was registered 943 times.

These names are followed by Yael (797), Noa (740), Sarah (739), Mia (733), Adele (657) and Leah (655). Among Jewish families, the ten most popular female names were: Avigail, Tamar, Yael, Noa, Adele, Mia, Sarah, Libi, Hila and Lea.

The most popular male name was Muhammed, given to 1,949 boys, followed by Adam (1,364), Yousef (1,294), David (1,119), Ariel (1,053), Omer (1,039), Lavi (864), Daniel (828), Rafael (779) and Ori (774). Among Jewish families, the ten most popular male names were: David, Ariel, Lavi, Ori, Rafael, Noam, Eitan, Ari, Daniel and Yehuda. (i24NEWS 28.09)

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* 1. Majority of Israelis Believe the Country is Good Place to Live

Nearly 65% of the country's population say Israel is a good place to live, while 33% of the respondents think the opposite, according to a poll published before Rosh Hashanah, the Jewish New Year, by Maariv. It showed that the degree of satisfaction is higher among the older respondents: 77% of those aged 61 and over said they are satisfied, compared to 51% of people under 29.

The positive perception of life in Israel is also more widespread among religious (79%) and ultra-Orthodox (69%) respondents, compared to 59% of people who identify themselves as secular. The majority of respondents (62%) also believe that the State of Israel is immutable, while 23%, on the contrary, believe that it faces existential dangers.

Asked about what worries them the most in Israel, 68% of respondents said it was the cost of living. It was followed by Palestinian terrorism (32%), housing prices (18%), crime (13%) and political instability (12%). The majority of those worried about terrorism are supporters of Opposition Leader Netanyahu (47%), while Arab respondents are much more concerned about crime (39%) and Jewish-Arab relations (21%). (i24NEWS 25.09)

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* 1. Israel Recognizes Private Conversions for Citizenship

In an unprecedented decision, a Jerusalem District Court recognized Orthodox conversions to Judaism made outside the Chief Rabbinate for citizenship purposes - but not for religious recognition. The case involved two women who converted to Judaism in Israel through Orthodox rabbinical courts not affiliated with the state rabbinate. These conversions, although performed by Orthodox rabbis, are generally considered more lenient on certain issues and are therefore not recognized by the state for religious purposes.

One of the rabbinical organizations, known as Giyur K'Halacha, is part of the religious advocacy group ITIM. The other is Ahavat HaGer, headed by French-speaking Rabbi Haïm Amsalem, a former member of the Israeli parliament known for his activism in favor of greater openness on the part of the Chief Rabbinate, particularly with regard to conversions. Both associations hope that the court's decision will be a stepping stone to wider recognition of private conversion courts in Israel.

Under Israel's Law of Return, anyone with at least one Jewish grandparent who does not practice any religion other than Judaism is eligible for Israeli citizenship, as are those who convert to Judaism. This issue of conversion, however, has remained ambiguous in the law, with no clear indication of which conversions are accepted for citizenship. For more than 15 years, Israeli courts have urged parliament to make a decision on the issue and enshrine it in law.

This ruling was based largely on the fact that there are two private conversion courts in Israel - one in the Mea Shearim neighborhood of Jerusalem and the other in Bnei Brak of central Israel - that are not part of the Chief Rabbinate but whose authority is nonetheless recognized by the state, meaning that rabbinic recognition is not in itself a necessary condition of validity. There could still be an appeal to the decision, which would require the High Court of Justice to rule on the matter, but it is unlikely that the High Court will overturn the decision. (i24NEWS 30.09)

\*REGIONAL:

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* 1. Saudi Crown Prince Mohammed bin Salman Named Prime Minister

Saudi Arabia’s King Salman bin Abdulaziz issued a royal decree on 27 September appointing Crown Prince Mohammed bin Salman as the kingdom’s new Prime Minister. The appointment comes as part of a cabinet reshuffle. Prince Khalid bin Salman bin Abdulaziz Al Saud, who has been serving as the vice minister of defense was appointed as the new defense minister. Yousef bin Abdullah bin Mohammed Al-Benyan was named education minister, taking over the reins from Dr. Hamad bin Mohammad Al Al-Sheikh.

Interior minister Prince Abdulaziz bin Saud bin Naif bin Abdulaziz Al Saud has retained his position. Meanwhile, Prince Abdulaziz bin Salman bin Abdulaziz will remain as the minister of energy. Prince Turki bin Mohammed bin Fahd bin Abdulaziz and Prince Faisal bin Farhan bin Abdullah bin Faisal kept their posts as minister of state and minister of foreign affairs respectively. Mohammed bin Abdullah bin Abdulaziz Al-Jadaan will also continue as finance minister. (Various 28.09)

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* 1. Egypt's Population Reaches 104 Million

Egypt's population has now surpassed 104 million, according to CAPMAS figures. The number passed the 103 million mark in February, meaning that in the interim, one baby was born on average every 19 seconds, the national statistics agency pointed out. The country has succeeded in bringing the birth rate down from 3.5 children per woman on average to 2.8 children per woman — and aims to get it down to 1.6 children per woman. (CAPMAS 01.10)

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* 1. More Egyptian Schools to Teach Chinese Language

The Egyptian Ministry of Education has started a pilot project to include Mandarin Chinese as an elective foreign language in the curricula of 12 middle schools across the nation. A 25 September ceremony was held at the Confucius Institute of Cairo University to launch the project, which includes the training of Chinese language teachers, according to a ministry statement. The project comes as part of a cooperation protocol with the Confucius Institute of Cairo reached in September 2020 between the Egyptian Ministry of Education and China's ambassador to Cairo to enhance bilateral cooperation in education and culture.

Many observers see the teaching the Chinese language in Egyptian schools as an important step in strengthening cultural and educational bilateral cooperation as well as evidence of the strength of Egyptian-Chinese ties. During the past few years, relations between Cairo and Beijing have developed significantly, with an exchange of visits between the leaders of the two countries to discuss relations and regional issues.

China has been Egypt’s largest trading partner for the past eight years and the volume of trade exchanged between the two countries reached $20 billion in 2021 — an increase of 37% compared to 2020. In the same year, China’s imports from Egypt stood at $110 million, double the value of the imports registered in 2012. Egypt is also involved in China’s Belt and Road Initiative, which is working to build a trade and infrastructure network linking Asia with Europe and Africa. (Al-Monitor 08.10)

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* 1. Algeria Boosts English Education in Blow to Colonists’ French

Algerian primary schools have scrambled to introduce English lessons, in a move critics say was rushed but others hope could be a coup de grace against the language of former occupier France. Language is a sensitive topic in the North African country, where French is still widely spoken six decades after independence that followed 132 years of colonial rule and a grueling eight-year war.

President Tebboune ordered the education ministry to introduce English into primary school curricula by the new term, which started on 21 September. This was the first stage in a broader plan to boost English tuition in the coming years. The status of French has been a hotly debated issue for decades in Algeria, which has only Arabic and the Berbers’ Tamazight as official languages. French infuses public life, is used for teaching science and business, and is spoken by millions of diaspora Algerians, particularly in France. Yet, it also evokes memories of colonial rule.

In less than two months, 5,000 new teachers were recruited and put on a fast-track training program, while a new manual had been written and distributed to schools in record time. The education ministry said some 60,000 people applied for the new jobs, which require an undergraduate degree in English or translation. Officials have argued that moves to bolster English tuition are motivated by practical concerns rather than ideology but haven’t offered an explanation for the tight schedule afforded for the change. (AFP 08.10)

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* 1. Morocco Reinforces English Learning in Higher Education

Morocco’s Minister of Higher Education Miraoui announced on 23 September that his ministry has implemented a set of measures to reinforce the presence of the English language in the country’s institutions of higher education. Miraoui stressed the importance of producing Moroccan university graduates who are equipped with the tools that will enable them to excel in their professional careers, especially proficiency in the English language. He also argued that Morocco’s effort toward implementing the English language would improve the country’s scientific research and higher education.

The Ministry of Higher Education has chosen three Moroccan universities to test language support programs through several platforms. The programs aim to help students reach the B1 and B 2 levels - intermediate and upper-intermediate languages levels.

Once the Ministry of Higher Education and the Ministry of National Education, Pre-School, and Sports have agreed on a platform, Moroccan students will be able to benefit from language support programs from primary school, up to the university level. The language support programs will be taught 30% onsite and 70% remotely.

Morocco’s Ministry of Higher Education has created new majors for the 2022-2023 school year that are taught exclusively in English, including 21 training programs in private and partner universities, ten licenses, seven master’s programs, and a Ph.D. program in medicine, Miraoui noted. He added that several Moroccan universities have included new subjects that are taught in English, within their programs. This year, approximately 12,500 university students in Morocco will be taught at least one subject in English.

Morocco’s gradual shift toward reinforcing English learning across k-12 and higher education was largely encouraged by several Moroccans, who argue that English teaching will broaden Moroccan students’ opportunities and knowledge. (MWN 23.09)

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* 1. Cyprus Approves its First Cremation Facility

Cypriot authorities have approved the creation of the island’s first crematorium, finally allowing people to choose their burial method several years after the law was passed. The landmark crematorium is to be built by a funeral home in the Paphos village of Ayia Varvara. The development comes more than six years after the legislation was introduced in April 2016.

This project was assumed by M.W. Crematorium Cyprus, at an estimated cost of €2.2 million, and work will be completed within 18 to 24 months. According to the environmental authorities, the proposed building site in Ayia Varvara has no significant negative impact on the area. The crematorium will be a fully-fledged facility with a furnace in the basement, refrigeration facilities and a formal room on the ground floor to accommodate up to 70 people.

A growing number of people, including expats, wanting cremation have been discouraged by the high cost of transporting a deceased loved one abroad. Until recently, families of the deceased wishing to be cremated had to send the body overseas, mainly to Britain, at an average cost of €5,000. Those looking into being cremated are citing problems securing plots in traditional cemeteries or other beliefs.

Efforts to legalize cremation were undertaken in 2006 when the Cabinet commissioned a legislative drafting committee. A draft bill stipulated that cremations did not apply to Cypriots, but this was amended in 2009 to allow the cremation of Cypriots – after objections from the Cyprus Orthodox Church. The Orthodox Church had campaigned against the option, arguing that a burial fulfils the need of relatives to visit the graves of loved ones, adding that a burial ritual offers them solace. (FM 28.09)

ISRAEL LIFE SCIENCE NEWS

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* 1. Steakholder Foods Begins Bovine Cell Line Development Activity in US

Steakholder Foods has begun development of a bovine cell line in the US, isolating cells sourced from live cattle raised on a farm approved by the United States Department of Agriculture (USDA). The USDA is expected to be play a central role in approving cultured meat. In accordance with the regulatory guidelines published by the USDA and FSIS, Steakholder Foods is ensuring that the tissue samples that it collects are properly vetted and sourced from healthy animals, all as part of the company's aim of meeting the strict regulatory standards for approval in the U.S.

Steakholder Foods is extracting the cells from USDA-approved sources with the aim of producing edible products in a sterile environment in order to ensure the aseptic conditions required for food safety.

Rehovot's [Steakholder Foods](https://steakholderfoods.com) is an international deep-tech food company at the forefront of the cultured meat revolution. The company is developing a slaughter-free solution for producing a variety of beef, chicken, pork, and seafood products — both as raw materials and whole cuts — as an alternative to industrialized farming and fishing. With its membership in the UN Global Compact, Steakholder Foods is committed to act in support of issues embodied in the United Nations Sustainable Development Goals (SDGs) include strengthening food security, decreasing carbon footprint, and conserving water and land resources. (Steakholder Foods 28.09)

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* 1. AION Labs Launches AI Startup Addressing Drug Trial Improvement

AION Labs announced the formation of OMEC.AI, the lab's first startup approved by the Israel Innovation Authority. The new company will develop AI-powered solutions to analyze pre-clinical data and identify gaps in efficacy and safety to improve the probability of success of drug candidates in clinical trials. OMEC.AI aims to build a next-generation computational platform that can both identify hidden safety liabilities and lack of efficacy for drug candidates, and suggest experiments to close the identified gaps. In addition to funding, support and mentorship, AION Labs and its pharma partners will provide OMEC.AI with pharmaceutical data for model training and advanced machine learning development.

OMEC.AI is the first startup to be formed by AION Labs, which creates early-stage startup teams that harness the power of artificial intelligence to transform the process of drug discovery and development for the betterment of human health. The new company has been created through the investment of leading pharmaceutical companies Pfizer, AstraZeneca and Merck, and with close support from Amazon Web Services (AWS) and additional financial backing from the Israel Innovation Authority.

Founded and launched in late 2021, Rehovot's [AION Labs](http://www.aionlabs.com) is a first-of-its-kind alliance of AstraZeneca, Merck, Pfizer, Teva, the Israel Biotech Fund and Amazon Web Services (AWS), powered by BioMed X with the support of the Israeli Government that have come together with one clear mission: to create and adopt groundbreaking new AI technologies that will transform the process of drug discovery and development in order to contribute to the health and well-being of all people world-wide. AION Labs is a unique venture hub where brilliant innovators and scientist-founders convene from around the world to solve the biggest R&D challenges guided by years of accumulated know-how, data and experience in pharma. The lab leverages its partners' wealth of knowledge and a new multidisciplinary mindset with the ingenuity, agility and innovative power of Israel's start-up ecosystem, to develop strong companies with clear long-term strategies that will pave the way to the future of healthcare. (AION Labs 28.09)

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* 1. Kadimastem Receives Patent for Its Cell Selection and Enrichment Technology

Kadimastem has been granted its third patent approval for the company's innovative cell selection and enrichment technology and its use in the production of IsletRx, the company's treatment and potential cure for diabetes. The third patent was awarded by the Israel Patent Office. The patent for the Company's technology was also recently approved and successfully registered in Japan and Australia. This trend is likely to inspire other patent approvals in other important territories such as in the US. The ability to select and enrich only the highest functioning and purest islet cells from the expanded and differentiated population of pluripotent stem cells enables the maximum therapeutic effect.

The Israel patent is particularly important as it reconfirms the company's production is high quality and more advanced than others. As a result, Kadimastem now has a competitive advantage with regard to future unique collaborations with international companies like Implant Therapeutics. In May 2021, the selection technology covered by this patent was described in a peer-reviewed journal article in Frontiers in Endocrinology.

Nes Ziona's [Kadimastem](https://www.kadimastem.com/) is a clinical stage cell therapy company, developing and manufacturing "off-the-shelf", allogeneic, proprietary cell products based on its technology platform for the expansion and differentiation of Human Embryonic Stem Cells (hESCs) into functional cells. AstroRx, the company's lead product, is an astrocyte cell therapy in clinical development for the treatment for ALS and in pre-clinical studies for other neurodegenerative indications. (Kadimastem 28.09)

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* 1. NGS' Healthy Heights KidzProtein Range to Line Walmart's Shelves

Nutritional Growth Solutions has deepened its collaboration with Walmart, as it rolls out its high in demand Healthy Heights KidzProtein range to an initial 403 select brick and mortar stores across the US. KidzProtein nutritional shakes contain whey protein and a full array of vitamins and minerals demonstrated to support optimal childhood growth and development. They also contain a blend of fruit and vegetables as well as omega-3 fatty acids crucial for brain and cognitive function. The shakes, which can serve as a nutritious and delicious breakfast or a healthy tasty snack between meals, will now feature on the shelves of Walmart stores in two flavors; chocolate and vanilla and will be supplied from the company's manufacturing facility in Utah.

Tel Aviv's [Nutritional Growth Solutions](http://www.Healthy-Height.com) is a global nutritional health company focused on the well-being of children. NGS develops, produces and sells clinically tested nutritional supplement formulae for children following 20 years of medical research into pediatric nutrition at Schneider Children's Medical Centre, Israel's largest pediatric hospital. The nutritional supplements market has experienced tremendous growth in recent years, but most attention has been focused on adult users and children under three years of age. The three to twelve-year-old consumers represent a larger market opportunity and NGS is highly differentiated from its competitors with clinically tested products and an expanding product portfolio to capture this market opportunity. (Nutritional Growth Solutions 28.09)

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* 1. Kahun Secures an $8 Million Round for its ‘XAI’ Engine for Clinical Reasoning

Kahun raised $8 million in a seed funding round led by LocalGlobe with the participation of European Innovation Council (EIC) Fund as part of the EIC Accelerator program and The Founders Kitchen (TFK). Kahun will leverage the funding to continue building the largest ever map of evidence-based medical knowledge powered by AI. The funds will be used to continue adding new sub-specialties beyond primary care, and expand its go-to-market efforts around offering gold-standard clinical assessments for telemedicine organizations.

Kahun has essentially developed a clinical reasoning solution that can be understood and trusted by physicians. Its engine performs clinical reasoning at scale by basing its decisions on the company’s proprietary map of over 30 million evidence-based medical insights. Kahun’s algorithmic engine utilizes this map in real time to generate clinical insights tailored to each specific patient. Insights are referenced and backed by links to originating knowledge.

Kahun’s first application is a comprehensive clinical assessment chatbot. The tool employs the same reasoning expected from trained providers, asking all the right questions and dynamically calculating the best next questions. The questions are tailored to each specific patient in order to take in all the pertinent findings, rule out rare diseases, or urgent conditions. The process takes three to five minutes, leaving no stone unturned, and provides physicians with a clinical summary including recommendations for further evaluation. Since Kahun is solely based on medical evidence, it provides physicians with a gold-standard clinical assessment, saving precious interview and documentation time while offering an opportunity to improve the overall level of care.

Founded in 2018 and based in Givatayim, [Kahun](https://www.kahun.com/) is a digital-health startup that replicates a physician’s clinical reasoning process. Kahun is led by a team of accomplished internet tech veterans including a pediatric specialist with years of experience in software engineering. (Kahun 29.09)

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* 1. Beyeonics Vision Completes CE Mark Registration for its Ophthalmic Exoscope

Beyeonics Vision has completed the registration process and received the CE Mark in Europe for its patented Beyeonics One, a fully digital 3D surgical visualization platform. Beyeonics One is the first ophthalmic exoscope, designed to deliver enhanced and magnified visualization of the surgical field and on-demand consolidated pre- and intra- operative information - all of which are naturally accessible and controlled by an immersive augmented reality surgical headset.

The Beyeonics One exoscope provides high magnification and clear, detailed image of the surgical field with zero perceived latency. In addition to the automated focus, panning, and controlled illumination, surgeons' filter selection enables enhanced tissue and membrane contrast. The untethered visualization via the AR surgical headset allows the surgeon to maintain a continuous view of the surgical field without losing hand-eye coordination while adopting a more natural and ergonomic operational posture.

Haifa's [Beyeonics](https://beyeonics.com/) is a group of medical technology companies (Beyeonics Vision and Beyeonics Surgical) that develop and deliver evolving digital surgical platforms to operating rooms across multiple therapeutic areas. Leveraging its aviation technology heritage, the Beyeonics platform technology integrates augmented reality, virtual reality, and data processing capabilities to empower surgeons with valuable information via the surgical headset set and aim to create a synchronized surgical environment. (Beyeonics Vision 29.09)

ISRAEL PRODUCT & TECHNOLOGY NEWS

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* 1. ThetaRay SONAR AML Gives Financial Institutions More Tools Against Financial Crime

ThetaRay announced the release of a new software version on its flagship SONAR advanced SaaS anti-money laundering (AML) platform. The update includes major capability upgrades for fintechs and banks to detect and prevent financial crime through faster investigations and the discovery of new typologies in an increasingly complex financial world. The software version, code-named Theia, offers a breakthrough visualization experience by clearly displaying transaction activity on financial networks, in addition to easy usability and self-service tools for simplified and autonomous AML compliance operations.

SONAR is based on an advanced form of AI, artificial intelligence intuition that replicates the decision-making capabilities of human intuition to make better decisions with no bias or thresholds. It enables fintechs and banks to implement a risk-based approach to effectively identify truly suspicious activity and create a full picture of customer identities, including across complex, cross-border transaction paths. This enables the rapid discovery of both known and unknown money laundering threats, and up to 99% reduction in false positives compared to rules-based solutions.

Tel Aviv's [ThetaRay](http://www.thetaray.com)'s AI-powered SONAR transaction monitoring solution, based on "artificial intelligence intuition,” allows banks and fintechs to expand their business opportunities and grow revenues through trusted and reliable cross-border payments. The groundbreaking solution also improves customer satisfaction, reduces compliance costs, and increases risk coverage. (ThetaRay 28.09)

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* 1. Valens Collaborates with Intel to Boost Automotive MIPI A-PHY Implementations

Valens Semiconductor announced a collaboration with Intel to develop MIPI A-PHY-compliant automotive technologies for foundry customers, leveraging Valens Semiconductor's expertise as a leading contributor to MIPI A-PHY technology. The cooperation will provide an additional boost to the growing A-PHY ecosystem by allowing third parties from across the automotive industry to accelerate time to market for A-PHY systems, from Application Specific Integrated Circuits (ASICs) to System of Chips solutions, based on Intel Foundry Services' (IFS) design and fabrication.

MIPI APHY is quickly emerging as one of the most resilient standards for long-reach connectivity advancing ADAS, AD, IVI and other automotive applications. It majorly simplifies integration of lidar, radar and cameras for limited and full vehicle autonomy, while also improving connectivity for high-resolution safety and infotainment displays.

Hod HaSharon's [Valens Semiconductor](https://www.valens.com) pushes the boundaries of connectivity by enabling long-reach, high-speed video and data transmission for the Audio-Video and Automotive industries. Valens' HDBaseT technology is the leading standard in the Audio-Video market with tens of millions of Valens' chipsets integrated into thousands of products in a wide range of applications. Valens' Automotive chipsets are deployed in systems manufactured by leading customers and are on the road in vehicles around the world. (Valens Semiconductor 28.09)

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* 1. Elbit Wins $120 Million Contract to Supply UAS to the Royal Thai Navy

Elbit Systems was awarded a contract valued at $120 million to supply Hermes 900 Maritime Unmanned Aircraft Systems (UAS) and training capabilities to the Royal Thai Navy. The contract will be performed over a three-year period. Under the contract, Elbit Systems will provide the Royal Thai Navy with Hermes 900 Maritime UAS featuring maritime radar, Electro Optic payload, Satellite Communication, droppable inflated life rafts and other capabilities. The Hermes 900 Maritime UAS is intended to enable the Royal Thai Navy to perform both blue water and littoral missions, dominate vast swathes of sea and long coastlines, communicate with operational vessels and carry out civilian mission such as maritime Search and Rescue and identification of suspicious activities and potential hazards.

UAS of the Hermes family have been selected to date by more than 20 customers including Israel, the UK, Switzerland, Canada, the United Nations, the European Union, Brazil, Chile, Mexico and others; attesting to their competitive edge combining technological sophistication, reliability, open architecture and a solid growth path.

Haifa's [Elbit Systems](https://elbitsystems.com) is an international high technology company engaged in a wide range of defense, homeland security and commercial programs throughout the world. The Company, which includes Elbit Systems and its subsidiaries, operates in the areas of aerospace, land and naval systems, command, control, communications, computers, intelligence surveillance and reconnaissance, unmanned aircraft systems, advanced electro-optics, electro-optic space systems, EW suites, signal intelligence systems, data links and communications systems, radios, cyber-based systems and munitions. (Elbit 28.09)

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* 1. Intel Unveils Israel-Developed Raptor Lake Processors

Intel has unveiled its 13th Gen Intel Core family, which includes six new unlocked desktop processors with up to 24 cores and 32 threads and clock speeds up to 5.8 GHz for a more enhanced gaming, streaming and recording experience. Dubbed as 'Raptor Lake,' Intel says that the 13th Gen Intel Core i9-13900K is the world’s fastest desktop processor.

Raptor Lake, like many of Intel's most advanced processors, including the 12th Gen Intel Core Processors, known as Alder Lake, which was launched last year, was developed in Israel. But for the first time, the official launch of a major new Intel development has been held in Israel, with 90 senior tech journalists coming from abroad for the unveiling event.

Intel said that 13th Gen Intel Core desktop processors enable better system performance, even through the most demanding of multitasking workloads, and that this includes up to 15% better single-threaded performance and up to 41% better multi-threaded performance. (Intel 28.09)

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* 1. Permit.io Launches Low-Code Permissions for Complex Cloud Applications

Permit.io announced Attribute Based Access Control (ABAC) with low code and no code interfaces. Starting today, development teams never have to build permissions into their cloud applications again, and even teams like product and sales can bake enterprise-grade permissions and access controls directly into their applications with just a few clicks. Permit.io launched out of stealth earlier this year with $6 million in seed funding.

Access control interfaces are a must have in modern applications, which is the reason many developers are spending time and resources trying to build them from scratch without prior DevSec experience. Permit.io provides all of the required infrastructure to build and implement end-to-end permissions out of the box, so that organizations can bake in fine-grained controls throughout their organization. This includes all of the elements required for enforcement, gating, auditing, approval-flows, impersonation, automating API keys and more empowered by low-code interfaces.

Tel Aviv's [Permit.io](https://www.permit.io/) enables developers to bake in permissions and access-control into any product in minutes. Open source at its core, the platform builds on top of OPA+OPAL as a service, providing the API and UI access-control interfaces that make it simple to shift security left. (Permit.io 29.09)

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* 1. Alfred and Wi-Charge Deliver the First Wirelessly-Charged Smart Locks

Toronto's Alfred International, the smart lock innovator with class-leading designs and flexibility, and Wi-Charge announced that the first over-the-air wirelessly charged smart locks are now generally available to commercial real estate developers in the United States and Canada. Alfred ML2 smart mortise locks with wireless power options are setting a new standard for safety, security, and automation in commercial and residential markets. The locks have been validated after rigorous internal testing and live pilot installations.

The Alfred ML2 is the first smart lock that's powered wirelessly by Wi-Charge's breakthrough over-the-air wireless charging solution. Wi-Charge over-the-air charging technology can charge devices in a 30-foot range, extending the value and capabilities of smart home devices. It eliminates the complexities and inconvenience of cables and batteries to give product developers free rein to design a new generation of mobile and smart devices and end-users the freedom they crave from hassle-free devices. Wi-Charge systems and devices are already deployed in multiple commercial venues in North America, Israel and around the world.

Rehovot's [Wi-Charge](https://www.wi-charge.com/) is a long-range wireless power company founded to enable automatic charging of phones and other smart devices. Their patented infrared wireless power technology can safely and efficiently deliver several watts of power to client devices at room-sized distances. It gives end-users the freedom they crave, and product designers the power they need to usher in the next generation of mobile smart devices. (Wi-Charge 29.09)

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* 1. Azul Airlines & Fetcherr Pilot Demand Prediction & Algo Pricing Platform

Azul Airlines, the largest airline in Brazil by departures and number of cities served, announced that it became the first to pilot Fetcherr's demand prediction and algorithm pricing technology. Since incorporating Fetcherr's AI-native continuous pricing optimization system into its existing revenue management processes, Azul Airlines has already witnessed improved revenue performance and optimized workflows.

Fetcherr's AI technology and continuous pricing model accurately predicts demand using real-time, sophisticated models and automatically provides pricing recommendations. The system is a mature, live production system that scans the entire network 24/7 and optimizes pricing recommendations with justification to generate significant hidden or lost revenue. The automation saves manpower, can publish the fares directly to all distribution channels and predicts demand in volatile times. Fetcherr's system has proven to be successful in innovative, volatile markets such as E-commerce and Algo-trading, and now, in conjunction with Azul Airlines, is set to disrupt the untouched territory of the airline industry.

Netanya's [Fetcherr](https://fetcherr.io) developed a proprietary AI-powered goal-based enterprise pricing and workflow optimization system. Founded in 2019 by experts in deep learning, Algo-trading, e-commerce and digitization of legacy architecture, Fetcherr aims to disrupt traditional rule-based (legacy) revenue systems through reinforcement learning methodologies, beginning with the airline industry. (Fetcherr 29.09)

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* 1. SaverOne Protects Trucks of Israel's Leading Shipping & Logistics Companies

SaverOne announced the installation of the SaverOne Protection System into the trucks of Moviley Dror, the local transportation partner of Fritz, which is a leader in international logistics and shipping for the supply chain market and a partner of international shipping giant, FedEx. In the first phase, SaverOne systems will be installed into an initial batch of 20 trucks out of a fleet of 150 trucks in Israel. The potential for SaverOne is to expand sales across Moviley Dror's entire fleet in Israel and ultimately penetrate the fleets of its partners both locally and globally.

SaverOne systems can be installed in private vehicles, trucks and buses and provide a solution to the problem of driver distraction away from the road, that results from drivers using specific distracting applications on the mobile device while driving, in a way that endangers their safety and the safety of passengers. This phenomenon is considered one of the main causes of road accidents in the world. SaverOne's technology specifically recognizes the driver area in the vehicle and prevents the driver from accessing distracting applications such as messaging while allowing navigation, without user intervention or consent, creating a safer driving environment.

Petah Tikva's [SaverOne](https://saver.one/‎) is a technology company engaged in the design, development and commercialization of transportation safety solutions designed to save lives by preventing car accidents resulting from distraction, by the use of mobile phones while driving. The SaverOne system provides an advanced driver safety solution that can identify and monitor mobile phones located in the driver's vicinity and selectively block use of distracting applications that may become life-threatening. (SaverOne 29.09

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* 1. ClearML Announces Unified, End-to-End MLOps Solution for Enterprises

ClearML announced the general availability of ClearML for Enterprise. Previously, the platform was only available to a select group of customers on an invite-only basis and is now widely available to all enterprise organizations across industries such as healthcare, healthtech, retailtech, adtech, martech, and manufacturing, among others.

ClearML was purpose-built for the MLOps industry, empowering MLOps teams to execute, manage, monitor, audit, and analyze the entire MLOps process from a single fully integrated platform – all with just two lines of code. With ClearML for Enterprise, customers significantly shorten their time-to-value and time-to-revenue, ensuring ML projects are executed successfully and make it to production efficiently. Every component of ClearML integrates seamlessly with each other, delivering cross-department visibility in research, development, and production.

Tel Aviv's [ClearML](https://clear.ml/‎/) is an open source, MLOps platform that helps data science, MLOps, and DevOps teams easily develop, orchestrate, and automate ML workflows at scale. It is designed as a frictionless, unified, end-to-end MLOps suite allowing users and customers to focus on developing their ML code and automation, ensuring their work is reproducible and scalable. (ClearML 04.10)

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* 1. Shield Unveils InfoBarriers, its Newest AI Capability for Data Leak Protection

Shield has launched impressive surveillance capabilities that enable banks and finance firms to bring communication compliance into the control room and protect against data leaks. InfoBarriers, the company’s newest AI-model, is included in the latest version of Shield (3.2), which introduces additional new and substantial capabilities unmatched by existing legacy vendors and emerging startups. Also included in Shield 3.2 are enhanced search analytics, case workspaces for more visibility and traceability into eDiscovery, and further refinements to user interface (UI).

Shield’s data scientists, with deep expertise in trade and securities compliance, have developed InfoBarriers to detect information barrier leaks hiding throughout electronic communication channels. Through control room protocols, InfoBarriers enables organizations to secure material non-public information (MNPI) behind deal and research lists. The platform integrates with HR and list management systems to determine which people are privy to which information before Shield’s Proactive Surveillance feature begins to monitor every communication across an organization to alert for MNPI’s mentioned improperly. Once a match hits, control room can assess the situation and escalate if needed, ensuring organizations are protecting against the misuse of MNPI like insider trading, employee conflicts of interest and more.

Ramat Gan's [Shield](https://www.shieldfc.com/‎) is the world’s leading communication compliance platform that allows organizations of any size to mitigate risks, escape the dead-end legacy archive, improve operational efficiency, and reduce compliance costs. Shield redefines the way enterprises and financial institutions manage and mitigate communications compliance risks by applying advanced AI, NLP, and visualization capabilities. Shield is specifically built for today’s digital work environment, where organizations face multiple risks, including financial crime, privacy and misconduct. (Shield 04.10)

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* 1. POLYN Introduces Voice Processing Tiny AI Chip Delivering Voice Extraction

POLYN Technology announced the availability of NeuroVoice, a solution for on-chip voice extraction from any noisy background. POLYN is the first to implement the combination of voice detection (VD), and voice extraction (VE) within the ultra-low-power analog neuromorphic silicon. Integrating NeuroVoice allows customers to create miniature products that improve their end users’ hearing experience. NeuroVoice operates at 100 µW power and performs inference in 20 µsec. POLYN’s solution offers especially clear voice and immediate adaptation to any background conditions along with voice extraction/transparent mode.

POLYN develops the framework and tools for a neural network conversion into an analog neuromorphic chip, which speeds up chip generation. It makes it easy to customize the existing chip to provide additional voice features such as wake word detection (WWD) and keyword spotting (KWS).

Founded in 2019, Caesarea's [POLYN Technology](http://www.polyn.ai) is a fabless semiconductor company, supplying ultra-low-power, high-performance Neuromorphic Analog Signal Processing (NASP) technology, IP and Tiny AI chips based on NASP. POLYN’s Neural-Net-To-Chip automation tools support fast, cost-effective development of tailored Tiny AI solutions performing AI computations on-device. The technology and products enable a wide range of edge AI applications such as wearables, Industry 4.0, Connected Health 4.0, Smart Home and more. (POLYN 11.10)

ISRAEL ECONOMIC STATISTICS

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* 1. Israeli Startups Raised $800 Million in September

Israeli startups raised $800 million in September 2022, according to press releases seen by Globes. The figure may be more as some companies prefer to remain in stealth and sometimes do not publicize the investments they have received.

Israeli privately-held tech companies raised a record $25.6 billion in 2021, according to IVC, more than double 2020's figure of $10 billion, which was itself a record. Israeli startups raised $10.9 billion in the first half of 2022, according to IVC, so although well of the pace of last year's record, startups have already raised more than all of 2020. Israeli startups have raised $13.5 billion in the first nine months of 2022.

In September, the major financing rounds that were completed were led by cloud optimization company Zesty, which raised $75 million. Cybersecurity startup Cymulate raised $70 million, cybersecurity company Deep Instinct raised $62 million, AccessFintech raised $60 million and fintech company Mesh Payments raised $60 million. Smart emergency contact co Carbyne raised $56 million and AI crop intelligence company Taranis raised $40 million. (Globes 02.10)

IN DEPTH

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* 1. ISRAEL: New EV Deliveries from China Expand While Israeli Car Market Shrinks

Doron Peskin observed on 28 September in [Al-Monitor](https://www.al-monitor.com) that the Israeli new car market is in decline. According to the Automobile Importers Association, since the beginning of the year until the end of August, a total of 201,212 new cars were delivered in Israel — a 15% decrease compared to the corresponding period last year, when 237,702 new cars were sold.

2021 was a record year for the Israeli automobile market and therefore some decrease was expected this year. However, the decline is greater than projected, mainly due to a global chip crisis as well as the war in Ukraine, which deepened the difficulties faced by the global supply chain, including the supply of components to the automotive industry. In such tight market conditions, Israeli importers decided to hike prices at the start of 2022 and they rose further with growing production and shipment costs.

Based on the figures compiled by the Automobile Importers Association, Hyundai remains the market leader with 37,615 deliveries (a growth of 2%). In second place is Toyota with 28,970 deliveries (an increase of 12%) and in third is Kia with 27,769 deliveries (+5%). European brands in the top 10 of the list have been the big losers with Skoda's deliveries dropping by over 80% to 9,863 units. Peugeot fell by roughly 30% to 4,960 while Seat sales crashed by over 125% to 4,690 vehicles.

But the big story concerning the Israeli new car market has been developing out of the top 10 — a significant rise in sales by Chinese electric vehicle (EV) manufacturers. Accordingly, among the all-electric vehicle brands, which account for roughly 6% of total car deliveries, China's Geely leads with 3,734 delivered since the beginning of the year. This figure places Geely 13th, surpassing Tesla, which delivered 2,023 compared to 4,468 during the same period last year. Geometric C, which Geely started marketing only last year, is currently the best-selling electric car in Israel. Another Chinese automaker, MG, sits at 14th with 3,667 deliveries, a 40% leap compared to the first eight months of 2021.

No other Chinese EV brands hold major market shares in Israel, though their sales figures are on the rise. Deliveries by Aiways between January and August 2022 amounted to 508 units. Seres delivered 448 cars and Skywell 445 cars while JAC Motors delivered 11 cars. Meanwhile, Hongqi, the only Chinese luxury brand marketed in Israel, has delivered 45 cars since the beginning of the year, its first year of activity in Israel.

Chinese car sales during January through August place Israel as the Western-aligned country with the biggest penetration rate of vehicles made in China. Yohay Shinhar, a prominent Israeli automotive expert and consultant for top Israeli car importers, explained to Al-Monitor that for the Chinese, Israel is the ideal car market because its lack of a local auto industry means no protective controls, unlike the American and the European markets.

Sales of Chinese cars in Israel are predicted to increase further and the number of automakers penetrating the market is set to expand by the end of the year. One of them is Leapmotor, which earlier this month announced that it has dispatched the first commercial shipment of its T03 mini electric vehicles to Israel. According to the company, “Israel is undergoing a rapid transition from gasoline vehicles to EV and mini cars are the choice of many customers there. The company's T03 model meets consumer demand in Israel.”

Shinhar asserts that the success of Chinese electric cars in Israel should not come as a surprise. “China is a superpower in terms of technology and resources needed for the manufacturing of EV. European automakers cannot compete with the lower costs of the Chinese manufacturers.” Indeed, the price of Chinese EV is attractive for the Israeli client at around NIS 150,000-160,000 ($43,000-46,000) compared to Tesla, whose prices start at NIS 225,000 ($64,000).

Looking ahead, Shinhar predicts that Chinese brands will strengthen in Israel on the expense of their European competitors. “Eventually, all automakers will join the EV revolution, but it will take time. As I see it, the European car makers will face a real blow in the Israeli market faster than they expect since they are not capable of competing with the costs of the Chinese brands.” (Al-Monitor 28.09)

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* 1. ISRAEL: Jerusalem Hopes to Get Israelis to Sort Food Waste from Other Trash

Israel's Environmental Protection Ministry plans to begin pushing for organic waste to be separated from other trash and recycled, but is stopping short of mandating that local authorities implement programs to collect such waste separately, as is more common in Europe. New regulations have been drafted and were issued in early October for public comment ahead of their likely enactment, a step that comes after years of largely failed efforts by the ministry to encourage households and businesses to separate organic waste “at source,” when people discard such materials.

While recycling of bottles and glass is common across Israel, only a small number of councils currently collect organic waste separately from other types of trash. Food leftovers and garden pruning account for around 40% of all municipal trash in Israel by weight. Around a third of such waste is separated after collection, composted and used for so-called land reclamation. The composting process, which does not meet Western standards, can leave organic waste containing remnants of non-organic garbage such as shards of glass. The rest is buried in landfill sites, where it releases methane as it decomposes.

The methane generated by organic material in Israel’s landfill sites contributes 8 to 10% of the country’s total greenhouse gas emissions, the ministry has calculated. While methane remains in the atmosphere for less time than carbon dioxide, it can have a much higher effect on warming the atmosphere in the short term, according to the United Nations Intergovernmental Panel on Climate Change.

The new regulations aim to discourage the burial of organic matter by making it more expensive to do so, while encouraging separation before collection by providing economic incentives to local authorities. The regulations, if implemented, would ban landfill companies from burying organic matter that has not been treated for methane emissions beforehand (via different forms of composting).

Because large-scale composting facilities that meet international standards do not yet exist in Israel, the ministry is inviting local authorities to bid for some of the NIS 600 million ($170 million) it has set aside for the construction, upgrading and operation of such facilities, pledging to finance up to 60% of each project. It will also pay local authorities that get households to separate their organic from other waste NIS 80 ($22.5) per ton — roughly what is paid in Europe.

Approximately 5.8 million tons of municipal waste are produced annually in Israel, with the total volume increasing by an annual average of 2.6% — in line with population growth. In 2006, the government introduced a Sustainable Solid Waste Management Master Plan, which set new goals for national and local governments, including reducing the total quantity of waste in general, and reaching a 50% recycling rate by 2015.

In 2021, the government set national targets for reducing greenhouse gas emissions and transition to a low-carbon economy, determining that emissions from solid waste should fall by 47% by 2030, compared with 2015. The European Union has announced that it will implement separation-at-source of all commercial and institutional organic waste by December 2023, after which binding annual targets will be set. (ToI 09.10)

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* 1. GCC: The Cost of the GCC Adopting the Full Circular Economy Model

The GCC has the potential to be a powerhouse in the circular economy, with the ability to collect almost 90% of solid waste and recycling around 75% of waste across all sectors of the economy by 2040, according to a recent study by the World Business Council for Sustainable Development (WBCSD) and Boston Consulting Group (BCG). To achieve this, the study found that the region would require a whopping $130 billion in investment. It would also need clear regulations and financial incentives, paired with joint action between the public and private sectors.

**Why would the GCC bother?**

The region stands to increase its GDP by $95-105 billion, while adding around 300,000 jobs, the study found. This is just from recycling plastic, concrete and cement, metal and bio-waste. Recycling typically creates on average more than 50x as many jobs as landfilling and incineration. Additionally, it will allow the GCC to trade more easily with countries that have environmental regulatory pressures and carbon border taxes. Biowaste recycling could help mitigate reliance on fertilizers manufacturing and imports.

Not to mention the obvious environmental benefits, including potentially slashing 1-1.5 billion tonnes of CO2 emissions by 2040. Large infrastructure and real estate development projects currently account for the largest waste volumes. Cement and concrete, plastic, metal and bio-waste make up approximately 70% of the region’s waste.

**How should this $130 billion be deployed?**

The study estimates that the region needs $60-85 billion invested in four key waste streams (plastic, concrete and cement, metal, and bio-waste) over the next 20 years to cover design, collection, sorting and recycling to meet its circularity targets. 65% would go into developing and deploying technology in recycling and expanding recycling capacity, while 20% would go into collection, 10% for sorting and 5% for product design.

With the exception of a handful of large urban centers, the region’s waste management sector remains fragmented, largely managed by small-scale collection companies. There is also an absence of consistent data on waste. Material sorting at source remains minimal in most of the GCC, including in large urban centers, which results in the contamination of waste streams and increases the costs of sorting.

**Tighter regulation needed**

GCC countries lack comprehensive regulatory frameworks promoting recycling in all sectors, and even those that do may not implement them fully due to weak environmental legislation and enforcement. Additionally, GCC consumers lack awareness about circularity and education about waste separation and plastic pollution.

The economics of recycling are obviously harder. There is also an absence of financial incentives, including low costs for landfilling compared to recycling discourage recycling. KSA and the UAE produce the most waste, but are also the most active in trying to adopt the circular economy. Both countries account for roughly 75% of the region’s waste. That said, both countries are making strides to change that.

The UAE has adopted a Circular Economy Strategy, while Dubai issued the Dubai Green Building System — a set of regulations to increase recycled content in construction. Not to mention the slew of new recycling projects being pushed, including Sharjah, where Beeah Group announced a new commercial and industrial recycling facility, which utilizes a robotics and AI system to automatically detect, identify and separate different kinds of waste. The facility will process 156,000 tons of mixed recyclables annually once it is fully operational. Recently, the Abu Dhabi Waste Management Centre (Tadweer) reported that it has produced more than 1 million tons of products from recycled waste materials collected from the Emirate in H1/22.

Meanwhile, Saudi Arabia has pushed forward its Circular Carbon Economy National Program. KSA has published targets to divert 82% of all landfill waste — for which it has earmarked $27-32 billion, recycle 42% and compost 35% by 2035. The Kingdom’s Public Investment Fund (PIF) intends to invest $11 billion by 2035 to increase recycling, with the support of the Saudi Investment Recycling Company (SIRC). The targets of other countries are not mentioned in the report.

Lebanon’s transition to renewables is stifled by rampant scamming: Lack of developed solar energy infrastructure and high installation costs In Lebanon are giving way to fraudsters who are duping households into buying defunct and defective solar panels, Reuters wrote yesterday. Additionally, low-quality solar energy parts and installation have also been spreading throughout the country. This is particularly sad considering how many in Lebanon have been turning to solar panels to combat the ongoing energy crisis in the Levantine country. (Enterprise 05.10)

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* 1. UAE: UAE e-Commerce Market Expected to Reach $9.2 Billion by 2026

According to new findings published by the Dubai Chamber of Commerce, the value of the UAE e-commerce market could reach $9.2 billion in 2026, with the sector’s share of total retail sales in the UAE expected to reach 12.6% by the same year. The study, based on data from Euromonitor, showcased several factors boosting e-commerce activity and growth opportunities in the UAE.

Total e-commerce sales in the UAE registered significant growth in 2021, reaching $4.8 billion during the year, compared to $2.6 billion in 2019. Smartphones and tablets accounted for most e-commerce transactions last year, as the mobile retail market reached $2.6 billion, accounting for 44% of the total e-commerce market value. Mobile retail sales are expected to record a compound annual growth rate of 15.6% over the 2022-2026 period to reach $4.6 billion.

The study showed that more than a third of consumers in the UAE purchased a product or service using their smartphone at least once a week, which is above the global average of weekly online purchases. Key trends supporting the strong growth in mobile e-commerce transactions include the availability of apps, which has increased pricing transparency, the study said.

The growing number of loyalty rewards programs offered by online retailers also drove up demand for online shopping in the UAE. Shoppers in the UAE, according to the report, preferred local retail websites to overseas retailers. In 2021, domestic e-commerce websites accounted on average for 73% of the total sales while foreign websites received only a 27% share. The study stated that between 2022 and 2026, foreign e-commerce platforms are expected to grow by 19.2%, which would mark a 34% gain in market share.

Investments in the e-commerce sector have significantly changed the dynamics of the UAE market, with the main impact being downward pressure on prices due to increased competition and supply. The improvement and modernization of payment systems and services were identified as another key factor that has boosted demand and business activity within the UAE’s e-commerce sector.

Consumer electronics in the UAE constituted the top-selling online products in 2021 with a 34% share, consisting mainly of smartphones, phone accessories, computer accessories, tablets, computers and TVs. Apparel and footwear accounted for 31%, food and beverages 12%, media products 8%, personal accessories 5.8%, and consumer appliances 3.3%. The relatively high shares of products purchased online indicate increased competition between online channels and traditional channels for electronics, apparel, accessories, cosmetics, as well as food and beverages.

Among the main product categories offering the most untapped potential include apparel and footwear, personal accessories, beauty and personal care, and home and gardening. The increasing momentum of e-commerce activity in the country is expected to provide more business opportunities in payment systems, financial technology, electronic logistics and distribution centers. (KT 04.10)

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* 1. OMAN: IMF Staff Concludes 2022 Article IV Mission to Oman

An International Monetary Fund (IMF) mission conducted discussions in Muscat for the 2022 Article IV Consultation for the Sultanate of Oman from 20 September to 4 October. At the conclusion of the mission, the IMF issued the following statement:

“Oman’s economic recovery is gaining traction. Strong vaccination efforts have allowed for the relaxation of all social distancing restrictions. Overall GDP growth rebounded from -3.2% in 2020 to 3.0% in 2021, and is projected at 4.3% in 2022, supported by increased hydrocarbon production and continued recovery of non-hydrocarbon economic activity. CPI inflation has been contained thus far, partly reflecting administered prices and caps on selected fuel prices. Rebounding economic activity and elevated global inflationary pressures are expected to push up average inflation to 3% in 2022 given the relatively high dependence on imports and large weight of tradable items in the CPI basket. Direct spillovers on the Omani economy from the war in Ukraine have been limited.”

“High oil prices and fiscal consolidation under the authorities’ Medium-Term Fiscal Plan (MTFP), have improved fiscal and external balances considerably. The overall central government balance improved by 12.8% of GDP to a deficit of 3.2% in 2021, largely due to higher hydrocarbon revenue, expenditure restraint, and the introduction of VAT. Fiscal and external surpluses are expected in 2022 and over the medium term. Central government debt declined to 62.9% of GDP in 2021 and it is expected to decline to about 44% of GDP in 2022. Steadfast implementation of MTFP and further strengthening fiscal frameworks would reinforce fiscal sustainability.”

“Benefiting from prudent oversight of the Central Bank of Oman and strong buffers, the banking system has weathered the recent shocks relatively well. Financial soundness indicators appear healthy, benefiting from the strong buffers before entering the crisis. However, private sector credit growth has remained subdued. Financial system risks are low, but close monitoring of banks’ asset quality remains important.”

“The authorities continue to press forward with a broad array of structural reforms under Oman Vision 2040, with the goal to achieve the strong, job-rich, and sustainable private sector-led growth needed to offer opportunities to job seekers and ensure higher living standards for future generations. Key priorities include enhancing labor market flexibility, boosting female employment, improving the business environment, advancing SOE reforms, leveraging digitalization, and continuing the implementation of green initiatives.”

“Uncertainties continue to cloud the outlook, with downside risks, notably from global sources, dominating in the short run. On the upside, the outlook could be bolstered by higher-than-expected hydrocarbon windfalls, accelerated implementation of structural reforms under Vision 2040, and the realization of investment projects from regional partners. On the downside, risks stem particularly from uncertainty about the war in Ukraine and its impact on the global economy and oil prices, a renewed flare-up of COVID-19 infections, tighter-than-expected global financial conditions, increased inflationary pressures from higher global food and energy prices, more persistent disruption in global supply chains, pressures to spend the hydrocarbon windfalls, and climate-related events.” (IMF 05.10)

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* 1. OMAN: Moody's Changes the Outlook on Oman to Positive, Affirms Ba3 Rating

On 6 October, [Moody's Investors Service](http://www.moodys.com/) changed the outlook on the Government of Oman's issuer rating to positive from stable and affirmed its long-term issuer and senior unsecured ratings at Ba3. Moody's also affirmed the Government of Oman's (P)Ba3 senior unsecured medium-term note program rating.

The change of outlook to positive reflects the strengthening of Oman's debt burden and debt affordability metrics during 2022, mainly as a result of elevated oil prices, and the prospect that this improvement could be sustained in the medium term. Balance sheet repair that has already taken place this year restores the fiscal space that the sovereign had lost during 2020. Meanwhile, the prospect that oil prices remain elevated for the next few years affords the government additional time to advance its fiscal and economic reform agenda, increasing the likelihood that Oman's structural vulnerability to cyclical declines in oil prices and its exposure to longer-term global carbon transition risks will be reduced.

The affirmation of the Ba3 ratings reflects Moody's view that, despite the fiscal and current account improvements since 2020, Oman's structural vulnerability to potential future declines in oil demand and prices remain very high, exposing the sovereign to reversals of the improvements in government debt and debt affordability metrics and to a sudden re-emergence of government liquidity and external vulnerability pressures under adverse global circumstances, such as a next negative oil price shock.

Today's rating action also applies to Oman Sovereign Sukuk S.A.O.C, a special-purpose vehicle domiciled in Oman, whose obligations, in Moody's view, are ultimately the obligation of the Government of Oman. The entity's backed senior unsecured ratings and its backed senior unsecured medium-term note program rating were affirmed at Ba3 and (P)Ba3, respectively.

Oman's local currency (LC) and foreign currency (FC) country ceilings remain unchanged. The LC country ceiling at Ba1, two notches above the sovereign issuer rating, incorporates the economy's heavy reliance on a single revenue source and a track record of high external imbalances, partly mitigated by predictable institutions and moderate political risk. The FC country ceiling at Ba2, one notch below the LC ceiling, reflects relatively modest transfer and convertibility risks, supported by the sovereign's robust foreign-currency buffers, set against Oman's track record of weak, albeit improving, fiscal policy effectiveness and its high level of external indebtedness.

**RATINGS RATIONALE**

**Rationale for the Change of Outlook to Positive from Stable**

**Revenue windfall from elevated oil prices provides scope for sustained improvement in sovereign balance sheet**

A surge in oil prices since 2020 has generated a large revenue windfall for Oman, turning its large fiscal deficits in the past, averaging 9.6% of GDP during 2014-21, into a material surplus. Based on the assumption that oil prices average $105/barrel in 2022, Moody's estimates that Oman's full-year fiscal surplus will be close to 6% of GDP this year, offering the government an opportunity to reverse some of the balance sheet deterioration it has sustained since 2015.

The government has already used some of the revenue windfall, in addition to its fiscal reserves accumulated in the Petroleum Reserve Fund, to pay down outstanding debt, reducing the nominal level by $6.5 billion (or 7.5% of 2021 GDP) between December 2021 and August 2022. This net debt reduction balances $4.5 billion of new borrowing in the early part of the year against the repayment of $9.3 billion of loans and bonds maturing in 2022 ($2.2 billion of which could have been repaid in 2023 at the borrower's discretion) and the pre-payment of $1.7 billion of debt maturing in 2023 or later, including through a $700 million Eurobond buy-back completed in July.

Based on the expectation of no further net borrowing later this year, consistent with the projected fiscal surplus and no significant debt maturities, Moody's forecasts that Oman's government debt will decline to less than 45% of GDP (119% of revenue) by the end of the year from 63% of GDP (186% of revenue) in 2021. This reduction in the debt burden is below the level at the end of 2019 (52% of GDP), more than fully reversing Oman's loss of fiscal space sustained during 2020 and increasing the sovereign's resilience ahead of the potential next oil price shock.

**Prospect that oil prices remain supportive affords additional time to reduce structural vulnerabilities**

Although Moody's expects oil prices to remain volatile and eventually decline to $50-70/barrel in the medium term, the agency's near-term assumption is that the geopolitical risk premium due to the military conflict in Ukraine will keep oil prices elevated during the next two years, staying above the medium-term fundamental range well into 2024. Based on these assumptions, Oman's fiscal balance will likely remain in surplus for the next two years, facilitating a further decline in the government debt burden. Moody's baseline projections are based on the expectation that, in line with the latest version of its Medium-Term Fiscal Program, the government maintains its commitment to non-interest spending control (including by progressing subsidy reforms), strengthens non-oil tax collection, and implements the personal income tax on high-income earners staring from 2024.

Supportive oil prices and the related revenue windfall will afford the government additional time to advance its structural economic reform agenda initiated in 2020, increasing the likelihood that the Oman's vulnerability to potential declines in global oil demand and prices will be reduced to a point consistent with a higher rating level. The ongoing reforms include strengthening of public finance management and tax administration, broadening of government non-hydrocarbon revenue streams, improving efficiency of Oman's public pension and social security system, better targeting of social spending including subsidies, and advancing economic diversification by improving Oman's business and investment environment. Evidence that such reforms are gaining traction would include further decline in Oman's non-hydrocarbon primary fiscal deficit, narrowing of the non-hydrocarbon current account gap and a sustainable pickup in non-hydrocarbon sector trend growth.

**Rationale for Affirming the Ba3 Ratings**

**Credit supports and reform efforts balance very high exposure to declines in oil prices and global carbon transition**

Oman's heavy economic and fiscal reliance on the hydrocarbon sector is the key constraint on the sovereign's rating and constitute the main source of downside credit risks. Moody's estimates that in 2022 the hydrocarbon sector will account for more than 40% of nominal GDP, more than 80% of government revenue (equivalent to around 31% of GDP), and 66% of total exports of goods and services (nearly 39% of GDP). As a result, Oman's fiscal and external accounts will remain exposed to the risk of a sudden and potentially very large fiscal deterioration and re-emergence of liquidity and external financing pressures whenever global oil demand and prices decline significantly, as they did in 2015 and 2020.

Over time, Oman's heavy reliance on the oil and gas sector and high sensitivity of its fiscal and external sector metrics to oil price fluctuations underpins the sovereign's very highly negative exposure to carbon transition and limits the scope for a substantially higher rating. Without a transformation of Oman's economy and government revenue base, the shift towards lower reliance on hydrocarbons over the next several decades and, eventually, net zero targets for a large part of the world would put significant downward pressure on Oman's credit profile. In the meantime, Oman's financing conditions are likely to be increasingly shaped by prospects that such a transformation is underway and investors' assessment of Oman's capacity to respond to carbon transition.

Balancing these structural vulnerabilities, Oman's Ba3 ratings remains supported by the sovereign's high per-capita income, which is twice the Ba-rated median in purchasing power parity-adjusted terms and supports the sovereign's shock absorption capacity. The ratings are is also supported by the availability of liquid sovereign wealth fund assets, which could (and have been) used to relieve government liquidity pressures. The foreign-currency portion of these assets was $13.6 billion (15.9% of GDP) at the end of 2021, only slightly lower than $14.5 billion (16.5% of GDP) before the pandemic. These assets include $9.5 billion managed by the Oman Investment Authority and $4.2 billion managed by the Central Bank of Oman as part of the government's Petroleum Reserve Fund, earmarked for debt repayments. Liquid foreign-currency assets were $12.0 billion in September 2022, marking a decline since the end of 2021 due to a drawdown to repay (and prepay) debt maturities, but are likely to be replenished above $13 billion by the end of the year from the fiscal surplus Moody's expects during the last quarter of 2022.

**Factors That Could Lead to an Upgrade or Downgrade of the Ratings**

Increasing evidence that the improvements in Oman's fiscal strength metrics are likely be sustained in the medium term would support an upgrade. Such evidence would include a steady and consistent implementation of the government's fiscal and economic reform agenda, reducing the sovereign's exposure to future declines in global oil demand and prices while also building a track record of improved policy effectiveness and better overall institutional capacity to absorb shocks. Over the longer term, materially diminished exposure to oil price fluctuations would provide a path to substantially higher rating levels, likely be reflected in a trend decline in the non-hydrocarbon (primary) fiscal and non-hydrocarbon current account deficits, a further significant expansion of the government's non-hydrocarbon revenue base, and a trend improvement in non-hydrocarbon sector growth, jointly pointing to material progress in achieving greater economic and fiscal diversification.

The positive outlook indicates a downgrade in the near term is unlikely. However, materially slower progress in implementing fiscal adjustment or reversals of already implemented fiscal consolidation measures would exert downward pressure on the rating by increasing the likelihood that government and broader public sector debt rises again significantly when oil prices decline in the medium term. A downgrade would also be likely prompted by reemergence of significant government liquidity and external vulnerability pressures, most likely triggered by significantly lower oil prices than Moody's currently expects. An acceleration in global carbon transition and/or a significant tightening of financing conditions facing hydrocarbon producers, as investors begin to increasingly price the related risks, would also exert downward pressure on the rating. (Moody's 06.10)

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* 1. SAUDI ARABIA: Saudi King Gives Up Prime Minister Role to Crown Prince

Simon Henderson commented on 27 September in [TWI Policy Alert](http://www.washingtoninstitute.org) that Crown Prince Muhammad bin Salman (aka MbS) was named as Saudi Arabia’s new prime minister. The surprise announcement—which goes against both the kingdom’s Basic Law and its traditional arrangement of having the king serve as premier—makes the de facto political power that MbS has held for some time now effectively de jure.

His eighty-six-year-old father, King Salman, has suffered increasingly failing health since ascending to the throne in 2015, but he has bravely continued to make certain public appearances (e.g., chairing the weekly Council of Ministers meetings, which he will apparently continue to do despite no longer holding the title of prime minister). Elevating MbS to that role may mean that the king is considering abdication—an unprecedented step given that Saudi monarchs usually rule until they die.

Previously, MbS served as deputy prime minister and defense minister. No replacement has yet been named for the first role, but the latter post will now be filled by his younger full brother Khalid bin Salman, a former F-15 pilot who has been promoted from deputy defense minister and is arguably the crown prince’s most trusted advisor. Both men are only in their thirties. Other ministerial changes were announced, but two key posts remain unchanged: Prince Faisal bin Farhan is still foreign minister, and Prince Abdulaziz bin Salman, an elder half-brother of MbS, still holds the oil portfolio as energy minister, suggesting no policy change on that front.

In other policy terms, the move might affect the prospects for Israeli-Saudi normalization. King Salman has been seen as a brake on that process, slowing most efforts to establish public relations with Jerusalem. Yet Riyadh’s foot could ease off the pedal somewhat if abdication is truly in the cards (though recent Saudi opinion polls suggest that the citizenry would not embrace such moves).

No change is expected in relations with the United States, though commentators have noted that as prime minister, MbS will now have sovereign immunity when traveling abroad. Previously, he may have been wary about visiting the United States for fear of facing potential legal action over the murder of Washington Post columnist Jamal Khashoggi. Whatever the reasoning behind his elevation, the change could prove quite significant for Saudi Arabia and its foreign relations.

*Simon Henderson is the Baker Fellow and director of the Bernstein Program on Gulf and Energy Policy at The Washington Institute, and author of its succession paper “A Fifty-Year Reign? MbS and the Future of Saudi Arabia.*” (TWI 27.09)

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* 1. SAUDI ARABIA: National Day(s) - An Evolving State-Formation Narrative

On 23 September, Eman Alhussein observed in [AGSIW](https://agsiw.org/) that national day celebrations have become a crucial element in the ongoing construction of Saudi Arabia’s national narrative, highlighting the centrality of the ruling family and its legacy in the establishment of the state.

On 23 September, Saudi Arabia celebrated its National Day, marking the unification of the kingdom by King Abdulaziz al-Saud in 1932. King Abdullah bin Abdulaziz made the day a public holiday in 2005. Ten years later, the growing hyper-nationalism that has characterized King Salman bin Abdulaziz’s reign began to transform the celebration. From a mere display of the flag, Saudi Arabia’s National Day has become a nationwide mobilization in recognition of the ruling family’s role in state formation. In February, the government announced an additional celebration – Founding Day – commemorating the founding of the first Saudi state in 1727. Such celebrations have become a crucial element in the ongoing construction of Saudi Arabia’s national narrative, highlighting the centrality of the ruling family and its legacy in the establishment of the state.

Over the years, Saudi leaders have made numerous attempts to celebrate national events. However, backlash from religious scholars, who felt such celebrations ran counter to Islamic tradition, has often hindered such efforts. In 1950, King Abdulaziz planned an event to celebrate the 50th anniversary of his capture of Riyadh, but the event was canceled due to objections from senior religious scholars. In January 1999, Saudi leaders announced plans for a celebration of the rule of King Abdulaziz, paying tribute to the reign of the “founding father,” especially his role in unifying the kingdom. However, religious scholars again voiced their disapproval, and they circulated fatwas against the celebration. Despite the government’s push to go ahead with the commemoration, the event was mostly limited to newspaper articles and publications by state institutions stressing the importance of the occasion in the absence of active nationwide participation.

The Saudi Arabian National Guard, under Abdullah’s command since 1963 (prior to his reign as king), hosted the inaugural Janadriyah Cultural and Heritage Festival in 1985. This annual two-week event located near Riyadh, aimed to celebrate and promote the diverse cultural fabric of the kingdom while highlighting King Abdulaziz’s role in state formation. Yet it was only during King Abdullah’s reign that the state embarked on a serious drive to promote nationalism, including actively encouraging citizens to participate in such events. King Abdullah made National Day a public holiday to engage citizens, especially youth, in the annual celebration. This was seen as particularly important after the country experienced a period of increased terrorist attacks. However, religious scholars continued to circulate fatwas and speak on television to contest the event and discourage participation. At the time, National Day lacked organization, a patriotic focus and entertainment options to attract and focus crowds, so the annual celebrations often were chaotic and disruptive. The atmosphere during National Day and the behavior of Saudis celebrating infuriated clerics and the religious police. The free hand of the religious police up until 2016 allowed them to follow the events closely on the ground, leading to arrests and even fatal car accidents.

Under King Salman, the state’s clampdown on religious clerics allowed national celebrations to flourish without interference or contestation. State institutions and television channels promote nationalism on a daily basis rather than limiting expressions of patriotism to an annual day or series of events. Saudi leaders have extended the national narrative beyond the era and contributions of King Abdulaziz to emphasize the ruling family’s past and legacy. This was the reason for adopting an additional national celebration – Founding Day – on February 22. Following the announcement, Saudi news channels and newspapers explained that Founding Day did not replace National Day – while National Day remains focused on King Abdulaziz’s legacy as the founder of the modern Saudi state in 1932, Founding Day celebrates the early roots of state formation.

Founding Day designates 1727 as the beginning of the first Saudi state. The establishment of the kingdom had been considered 1744, springing from the alliance between Mohammed ibn Saud and Muhammed ibn Abdul-Wahhab, which contributed to the expansion of the early state. Founding Day resets the narrative by diminishing the alliance as the point of departure. Saudi media has even argued that the focus on 1744 is a myth neglecting several important years of state formation. This new narrative solely credits Mohammed ibn Saud for his role, rather than emphasizing the expansion that was influenced by Muhammed ibn Abdul-Wahhab’s ambitions as part of the alliance. Marking Founding Day also aims to distance the state from the negative scrutiny that resulted from the reported influence of Wahhabi teachings on violent transnational movements.

While Founding Day has been seen as an attempt by the state to disassociate itself from Wahhabism, this does not mean that the new narrative is moving away from the centrality of religion to the kingdom. Saudi Arabia still emphasizes the importance of upholding Islamic teachings, which is clear in the new Saudi textbooks introduced in 2019. In these texts, religious themes are used to emphasize the importance of allegiance to the leadership. However, Saudi Arabia’s history is projected backward beyond the Islamic era. This is in line with the kingdom’s new focus on pre-Islamic sites to promote tourism, while also fostering a state-led religious direction as part of its branding strategy to promote “moderate Islam.”

Founding Day also aims to highlight the history and traditions of the kingdom. The first celebration, in February, focused on displaying the kingdom’s heritage and diversity. Saudis played a part in the new narrative as they took to the streets and malls dressed in traditional clothes from different parts of the kingdom. The event shed special light on the costumes from the Najd region, home to Diriyah and the birthplace of the first Saudi state. Thus, the aim of the additional national day is to take the history of Saudi Arabia beyond the 20th-century unification and showcase the 300-year history of the kingdom.

Various state institutions’ contributions to Founding Day are strengthening this new national narrative. The recently established Commission of Fashion issued a guide of styles from the kingdom’s five main regions to provide guidelines for dress for those attending festivities. Additionally, the Ministry of Culture announced the launch of the Founding Day Research Grant program to support and foster academic research on the establishment of the first Saudi state.

As the kingdom is moving to diversify its economy away from oil, patriotic celebrations have become an opportunity for the government to generate revenue from both public and private sector employees while they are on holiday. Founding Day and National Day both play a role here. For this year’s National Day, the General Entertainment Authority released an extensive program of shows and activities across the kingdom. Al Ula – which is becoming one of the main destinations for tourism in the kingdom – is hosting a music festival showcasing local talent. In recent years, the retail sector has announced exclusive deals for National Day, turning the event into a commercial holiday as much as a historical commemoration.

Videos and advertisements released on the occasion of National Day highlight Saudis’ contributions to the country’s development. This is in line with Vision 2030, the kingdom’s roadmap for a post-oil economy, which aims to involve citizens more actively in the country’s transformation. State institutions and private companies alike are reinforcing the national narrative by promoting patriotic videos on social media. A widely circulated video by the Local Content and Government Procurement Authority focuses on how choosing local products impacts supply chains and boosts the national economy. The Tourism Authority released a video celebrating the transformation of the country and the role citizens have played in the process. Other videos by local retailers and restaurants highlight national achievements and the contributions from citizens in developing the country, as well as their pride in Saudi Arabia’s heritage and culture.

The kingdom’s recent moves are part of a trend in the Gulf region, where national day celebrations are key to state narratives. Several Gulf states observe more than one day of national celebration or commemoration. Unlike Saudi Arabia, however, Gulf national days often celebrate independence or commemorate the memory of a recent dramatic event. In February, Kuwait’s National Day celebrates the country’s independence from British rule in 1961 and the ascension of Abdullah al-Salem al-Sabah to the throne in 1950. Liberation Day, also in February, marks the end of Iraqi occupation in 1991. Similarly, the United Arab Emirates celebrates its liberation from British rule every December. In 2015, the late President Khalifa bin Zayed al-Nahyan announced a Commemoration Day to be observed every November after 45 Emirati soldiers lost their lives as part of the military campaign in Yemen.

Saudi Arabia does not have a European colonial past from which to celebrate independence. Still, the leadership’s interest in marking national events is an important component in the country’s expansive transformation. The absolute centralization of the state, which has diminished the role of religious clerics and dramatically altered the socioeconomic foundation of the country, requires a strong national narrative to garner support and legitimacy from the population. National day celebrations have become an important occasion to reinforce the kingdom’s emerging narrative and strengthen nationalist sentiment.

*Eman Alhussein is a non-resident fellow at the Arab Gulf States Institute in Washington.* (AGSIW 23.09)

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* 1. EGYPT: Egyptian Households Turn to Credit as Inflation Bites

Ahmed Elleithy observed in [Al Monitor](https://www.al-monitor.com) on 28 September that consumer finance is on the rise against a backdrop of price hikes in Egypt, where many households are struggling to make ends meet. Consumer finance rose by roughly 7% to EGP 7.32 billion ($374 million) in Q2/22, against EGP 6.84 billion in Q1/22, according to the state-run Financial Regulatory Authority (FRA). With inflationary pressures pounding the most populous Arab country’s middle class, Egyptian breadwinners are buying clothes, school books, stationery and groceries on credit. Consumer finance companies are prospering with more and more customers due to high inflation rates that have made it rather hard for many households to buy in cash. The consumer price index (CPI) rose to 15.3% in August, on an annual basis, up from 14.6% a month earlier, according to data from CAPMAS.

Consumer finance is a non-bank finance instrument in which a company provides customers with credit to buy goods or services without receiving deposits. Consumer finance is designed to offer people who cannot afford cash purchases of goods or services. According to Law 18/2020, consumers pay the price over some time, a minimum of six months. The law, which was introduced in 2020, is aimed at regulating consumer finance operations and creating firms specialized in this kind of credit.

Cars and vehicles were valued at EGP 2.49 billion ($127 million), or 34% of consumer finance, in Q2/22, according to FRA data. Electrical and electronic devices accounted for 32% of credit sales by the country's 15 licensed consumer funders.

Egypt’s top consumer finance companies include ValU, Halan, Contact, Souhoola, Aman and Forsa. Contact held a 43.4% market share in Q2/22 Q2, according to FRA data.

Although the law has laid out clear-cut regulations to protect consumers and traders, several unauthorized companies and some individuals offer consumer credit, taking advantage of this highly prospering business. Retailers across the country are also offering credit sales on almost everything to sell their idle stock, while consumer financiers are actively persuading customers to get groceries, fruit and other household items on credit.

Food accounted for EGP 69 million ($3.5 million), or 0.9%, of total consumer finance in Q2/22, according to FRA data. Durables stood at EGP 480.8 million ($24.6 million), accounting for 6.5% of gross consumer credit in Q2/22. The interest rate on my consumer finance averages around 8%, which is cheaper than a bank loan. The deposit and lending rates currently stand at 11.25% and 12.25% respectively, according to data from the Central Bank of Egypt (CBE). (Al-Monitor 28.09)

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* 1. TUNISIA: Moody's Places Tunisia's Caa1 Ratings on Review for Downgrade

On 30 September, [Moody's Investors Service](http://www.moodys.com/) placed the Government of Tunisia's Caa1 long-term foreign-currency and local-currency issuer ratings on review for downgrade. Prior to this rating action, Tunisia's rating was Caa1 with a negative outlook.

Moody's has also placed the Central Bank of Tunisia's Caa1 senior unsecured rating and (P)Caa1 senior unsecured shelf rating on review for downgrade. The Central Bank of Tunisia is legally responsible for the payments on all of the government's bonds. These debt instruments are issued on behalf of the government. Prior to this rating action, the Central Bank of Tunisia's rating was Caa1 with a negative outlook.

The decision to place the ratings on review for downgrade reflects Moody's assessment that in the absence of timely agreement on a new International Monetary Fund (IMF) program, Tunisia's increasingly elevated government liquidity risks and fragile external position raise the risk of default. Tunisia's large fiscal and external imbalances and elevated refinancing risks represent significant credit weaknesses, which alongside social tensions have been exacerbated by the global implications of the Russia-Ukraine military conflict. The review period will focus on evaluating the authorities' progress in securing Executive Board approval of a new IMF program - key to alleviating financing and external vulnerability risks and ultimately social risks - before the end of the year; and the likelihood of maintaining sufficient official financing sources in the coming years to avert a balance of payments or fiscal crisis with negative social implications.

Tunisia's ceilings remain unchanged at B1 for the local-currency ceiling and B3 for the foreign-currency ceiling. The three-notch gap between the local currency ceiling and the sovereign rating reflects a broad public sector footprint, external imbalances and a challenging political and social environment which hampers the business environment; balanced against relatively predictable, albeit weakened, institutions. The two-notch gap of the foreign currency ceiling to the local currency ceiling reflects persistent external imbalances and reliance on foreign inflows which increase firms' exposure to potential transfer and convertibility risks.

**RATINGS RATIONALE / FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS**

**Rationale for Initiating the Review for Downgrade**

Very tight domestic and external funding conditions and the Tunisian government's challenging debt-service profile elevate refinancing risks. Moody's estimates the government's gross financing needs for this year at around 17% of GDP, remaining above 15% of GDP in 2023 as a result of rising debt amortization payments and a still-high fiscal deficit. In the absence of international market access at affordable costs - sovereign spreads have remained extremely wide for more than a year - and in view of domestic financing constraints, meeting these levels is in Moody's view achievable only through the concessional financing that would be unlocked by a new IMF program. Beyond the financing provided by the IMF itself, further funds would likely be catalyzed through a broad base of multilateral and bilateral partners. Because Tunisia's financing needs will stay close to 15% of GDP for the foreseeable future, without access to market financing at affordable costs it will remain reliant on a steady and timely flow of sizeable official sector financing.

The successful signing of an IMF program has remained elusive since the previous four-year arrangement was terminated in April 2020. The publication of a reform program by the government in June, and the conclusion on 15 September of a salary agreement with social partners implying some containment of the public sector wage bill in real terms over the next three years, represent important signs of progress in that direction. However, the Fund is likely to seek further commitments on other reform areas to be covered under a program, including the restructuring of loss-making state-owned enterprises and the gradual phasing out of consumption subsidies in favor of more targeted financial transfers. The degree of consensus among stakeholders and social interest groups on the government's reform agenda remains uncertain, while a track record of past reform delays dims expectations of success in a less conducive political and economic environment.

Tunisia's foreign exchange reserves, which stood at $7.7 billion as of August, have remained relatively resilient to date and represent an important, but finite, backstop for external debt principal repayment needs amounting to $2.1 billion in 2023 alone. However, challenging balance of payments dynamics could rapidly pressure the foreign exchange buffer in the absence of prompt agreement on a new IMF program. Moody's expects the current account deficit to reach close to 10% of GDP this year and remain around 8% of GDP in 2023, from 5.9% of GDP in 2021. The external vulnerability indicator (the ratio between the sum of external debt payments due over the next year and non-resident deposits, and foreign exchange reserves) will remain above 200% this year and next, indicating significant exposure to potential balance of payments disruptions to meet upcoming external liabilities. High global energy and food prices have exacerbated external imbalances by widening Tunisia's import bill and need for external financing, and also risk making the pursuit of reform even more difficult under a more challenging social environment.

Fiscal trends have been relatively favorable in the year to date, with preliminary execution data showing a small budget deficit – equivalent to around 0.3% of GDP – in the first half of the year on the back of strong revenue gains and relative containment of the public-sector wage bill. However, Moody's expects the budget deficit to widen over the remainder of the year, reaching 8.6% of GDP for 2022 as a whole, as the significant impact of high global energy and food prices on the subsidy bill materializes. This underscores the importance of securing an IMF agreement to avert fiscal stress, a development that Moody's expects to gain greater visibility of during the review period. Subject to an IMF program being agreed, Moody's expects the budget deficit to begin narrowing from next year but remain elevated, at 6.8% of GDP in 2023. Tunisia's public debt burden would continue to increase over the next few years from 79.2% of GDP in 2021 and reach close to 88% of GDP by the end of 2023.

Moody's expects risks to Tunisia's credit profile to remain skewed to the downside even under an eventual IMF agreement. Access to international capital markets is likely to remain closed over 2023, and official sector financing prospects would remain dependent on timely implementation of the reforms targeted under a program. Tunisia's performance under past IMF programs has been mixed, and recurring social tensions over the past decade against a backdrop of weak growth and employment creation, weakening governance and a fragmented political landscape have challenged successive governments' capacity to implement economic reforms and address fiscal imbalances. Protracted delays in reforms and reform-dependent funding would erode foreign exchange reserves through drawdowns for debt service payments, thereby exacerbating balance of payment risks and the probability of a debt restructuring that would entail losses for private sector creditors. The review will assess the likelihood of Tunisia maintaining sufficient official financing sources in the coming years to avert a balance of payments or fiscal crisis with negative social implications.

**What Could Change the Ratings Down**

A downgrade of the rating would be likely if the sovereign were unable to secure in a timely manner multilateral financing, through the conclusion of an IMF agreement that is sustained and large enough to materially and durably ease liquidity pressures. Increased external vulnerability risks that result in currency depreciation pressures that keep the debt burden rising higher and for longer than Moody's currently expects would raise debt sustainability concerns, exacerbate social risks, and increase the likelihood of a debt restructuring that would entail losses for private sector creditors.

**What Could Lead to Confirmation of the Ratings at the Current Level**

The rating would likely be confirmed at the current Caa1 level if the review concluded with sufficient evidence in Tunisia's ability to secure funding to meet its upcoming debt service payments in the next few years at affordable costs. Relatedly, confidence that the government's economic and fiscal reform implementation capacity will lead to a stabilization and eventual reduction in the debt trajectory, alongside a material reduction in financing needs, would support confirmation of the rating at the current level. (Moody's 30.09)

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**\* END \***